

Likud would support Alignment initiative for an early election

By SARAH HONIG
Post Political Reporter

TEL AVIV. — Neither the Likud nor the Alignment believes the other is sincere in its advocacy of early elections, and each side insists that the other take the first step. Unless the impasse is broken, the momentum towards early elections will wane, political observers said yesterday.

Last night the Likud continued to challenge Labour to propose early elections, with some Likud spokesmen promising that their

party would vote for such a Labour initiative.

Labour distrusts the declared Likud readiness for elections, and party leaders said it is up to the coalition to move for the rescheduling of the poll.

Labour believes that the Likud is at a low ebb and cannot promise its small coalition partners a single national election bloc where their Knesset seats will be assured.

The Likud cannot afford to alienate its coalition partners by

(Continued on Page 2, Col. 4)

Elections in a month not on, says official

By AARON SITTNER
Jerusalem Post Reporter

Calls by MK Gula Cohen and others for Knesset elections within a month after the House is dissolved are "absurd," a senior official at the Interior Ministry told *The Jerusalem Post* yesterday.

He said, "Even from a purely technical standpoint, such speed in organizing a national election is impossible. Such haste would sow disarray in the political parties. It is politically absurd to speak of holding Knesset elections a month after a vote for dissolution."

The official explained that a minimum of 43 days is required to arrange a national poll. The dis-

tribution and display of the voters register, the hearing of appeals and complaints over the register, checking and re-checking the eligibility of voters, the repairing and placement of ballot boxes and other tasks have to be carried out.

But the main bar to an election in a month is the law requiring certain public officials to pass through a 90-day "cooling-off" period before running for office.

"Since senior judges and others must wait for three months before throwing their hats into the ring," the official pointed out, "it is hard to see how the parties could make up their lists in less than 100 days."

'You'll fight Syria' IDF officers told

Jerusalem Post Staff

Shinui MK Amnon Rubinstein last night revealed on Israel television the contents of some of the secret documents he claims to have concerning the Lebanon war. Rubinstein said he has material which shows that certain senior IDF officers were briefed on the first day of the war, Sunday June 6, that they would be tackling the Syrians.

According to the testimony of

other officers, they were told they would be in Beirut within four days and promised a party at the Beirut stadium.

Rubinstein said he is prepared to show all his material to an official commission of inquiry if one is established. The Knesset is to debate the demand of the Alignment and Shinui for an official inquiry into the Lebanon war on Wednesday.

UK Labour chief Foot to quit

LONDON (AP). — Labour leader Michael Foot announced yesterday that he will resign as head of Britain's main opposition political party, following Labour's worst general election defeat in 50 years. Foot, 69, said he would remain leader until the party's annual con-

ference in October. He said he would not seek re-nomination for the leadership at the conference.

Two leading contenders from rival factions in the strife-torn party, moderate ex-environment secretary Peter Shore, 59, and leftwinger Neil Kinnock, 41, immediately announced they would run.

Several other contenders were also expected for the leadership contest, which could plunge Britain's dispirited Socialist movement into renewed internal feuding.

Labour was trounced in Thursday's election by Prime Minister Margaret Thatcher's Conservatives after putting forward a radical leftist platform of unilateral nuclear disarmament and widespread state ownership.

Argentina said buying Skyhawks from Israel

BUENOS AIRES (AP). — Argentina is to buy 24 Skyhawk warplanes from Israel, according to the Noticias news agency.

According to the agency, the Skyhawks are of an advanced type which the Argentinian navy already has, and which facilitate night operations.

The navy spokesman did not deny the report, but commented that the navy had not purchased any new equipment since last June.

Likud MK Dror Zeigermao yesterday called on the government to stop arms sales to Argentina until the junta there establishes an inquiry into the disappearance of thousands of Argentinians, including many Jews.

Speaking on Israel TV last night Zeigermao said he would submit a Knesset motion on the disappearances.

Around the World in 3 Days

Phineas Fogg might have stayed home had he known what's coming in Thursday's *Jerusalem Post*: In three days time, *The Post* will include a special Travel Abroad Supplement, taking its readers on a tour de force around the world.

- ★ The old/new mystique of fabulous Japan — Kyoto and Tokyo.
- ★ Our own Mediterranean, with a difference: The Greek islands of Skiathos, out of this world, yet so close by.

- ★ Mexico, from Cancun to Yucatan. Where money lasts longer and memories last forever.
- ★ An expertly guided fishing safari in England.
- ★ One of the most beautiful cities in the world... Vancouver.

Where else would you like to visit? We take you there, with the Travel Abroad Supplement, free, in Thursday's *Jerusalem Post*. Order your copy today.

NEWSBEAT/Liora Moriel and Patricia Golan

Disposal site remains closed—but the toxic wastes keep flowing

Israel's only authorized site for the disposal of toxic waste materials — at Ramat Hovav, 12 kilometres south of Beer Sheva — was closed 14 months ago after a fire. Today, nobody seems to know what happens to the estimated 30,000 tons of dangerous waste materials produced every year by the nation's factories.

Apart from heavy, insoluble metals, cyanides, and discarded medicines, the overwhelming bulk of toxic wastes that must be disposed of properly is oil sludge, the heavy black fluid containing acid tar, cadmium and lead, which is the by-product of refining heavy crude and motor oil.

Since the closure of the Ramat Hovav site, most of the sludge in the country has been burnt off, causing an increase in air pollution, particularly in the vicinity of the Haifa bay, because of its high sulphur content. Some of the sludge generated by the Haifa refineries is being used by the Nesher cement factories to heat their kilns. Although sludge has nearly half the calorific value of crude oil, and can therefore be used as fuel, its impurities make this problematic. Some of the smaller refineries have either discontinued the distil-

Where the Poison Goes:
The third in a series of articles on the disposal of toxic wastes in Israel.

lation of used motor oil, which results in sludge, or have been dumping the sludge illegally, as before.

In other words, if the stuff is burned it pollutes the air, and if it is dumped in an unsuitable place, it could eventually pollute the water supply. Infiltration of any substance (toxic or otherwise) into the underground water system can take half a year, a decade or a century. Certain materials, such as mercury, lead and zinc, have a cumulative effect. They may not be immediately fatal, but are dangerous in the long run.

Storing the wastes in a plant's own back yard is not a good idea either. As Morton Sarlat, a visiting

(Continued on Page 4)

Blackout threat to TV and radio

Jerusalem Post Reporter

Israel Radio and TV programmes, except for the oews, will be blacked out today if engineers at the Communications Ministry carry out their threat to strike over wage demands.

The strike could also stop the installation of telephones. Broadcasting Authority director-general Yosef Lapid appealed to the works committee not to shut down broadcasts. But by last night he had not received an answer.



Onlookers gather around two ambulances carrying victims of the bomb that exploded on Saturday near an Israeli checkpoint near Haldie in Lebanon. A U.S. Marine position is seen on top of the hill. (UPI telephoto)

Begin defuses tension in cabinet over Sharon

By ASHER WALLFISH
Jerusalem Post Reporter

Prime Minister Menachem Begin yesterday defused the tension in the cabinet between Minister without Portfolio Ariel Sharon and his colleagues over Sharon's call for a commission of inquiry into governmental decision-making processes during the early phases of the war in Lebanon.

At the close of a stormy debate that followed the former defence minister's request, the cabinet unanimously approved a formula proposed by Begin that satisfied Sharon that his colleagues were not heaping responsibility for the conduct and outcome of the war solely on him.

The key to this solution was found in a 30-minute *tele-a-tele* between Begin and Sharon before the cabinet session.

The felicitous formula, as read out to reporters later by Cabinet Secretary Dan Meridor, ran thus: "The cabinet is always collectively responsible for all its decisions, and it is self-evident that this also applies to the just, defensive war to assure peace for Galilee."

During the discussion, Begin bore out Sharon's thesis from a different standpoint when he said: "Not one move was made in the operation which did not bear the approval of the cabinet."

The debate was thus downgraded. (Continued on Page 2, Col. 2)

Two soldiers wounded by bomb blast in Aley

Jerusalem Post Staff

Two Israeli soldiers were wounded in the centre of Aley east of Beirut early yesterday afternoon, when a remote-controlled bomb was set off as their supply convoy passed by.

The two soldiers, one of whom was lightly wounded, were flown by helicopter to a hospital in Israel. Israel Defence Forces soldiers cordoned off the area and conducted house-to-house searches.

In three other incidents yesterday there were no casualties. In the first, a bomb went off near an IDF convoy south of Sidon at about 3 p.m. In the second, terrorists operating from Syrian-controlled territory fired two rocket-propelled grenades and directed light arms fire at an IDF water tanker in the village of Amik at about 4 p.m.

In the third incident at about 7:30 p.m., some shots were fired at an IDF position near the village of Kamed Al-Luz. Israeli forces returned the fire.

Yesterday's attacks are the continuation of stepped-up terrorist activity against the IDF since the signing several weeks ago of the Israeli-Lebanese agreement. Three soldiers were killed on Friday, bringing the number of Israeli soldiers killed in the war to 500.

The IDF spokesman yesterday announced that the third soldier killed Friday in an ambush of an IDF patrol was Rav-Tural (Corporal) Mordechai Harel, 49, of Petah Tikva. His funeral took place yesterday at the Petah Tikva cemetery.

The funeral of Samal (Sergeant) (Continued on Page 2, Col. 5)

Ministers to consider IDF redeployment

By ASHER WALLFISH
Jerusalem Post Reporter

Pressure by five cabinet ministers who voiced concern about the mounting casualties in Lebanon at yesterday's weekly cabinet session led to a decision that the Ministerial Defence Committee will shortly discuss proposals by Defence Minister Moshe Arens for a military redeployment.

The five ministers urged Arens to prepare and submit to the committee detailed plans for a redeployment as speedily as possible. They were Education Minister Zevulun Hammer, Science and Development Minister Yuval Ne'eman, Health Minister Eliezer Shostak, Communications Minister Mordechai Zipori and Minister without Portfolio Ariel Sharon.

Hammer said the government ought to make up its mind how long it is willing to wait for Syria to withdraw from Lebanon. He said it also ought to decide exactly how the IDF would redeploy to a less hazardous defence line.

Sharon said that he stood by his former call for an arrangement whereby UNIFIL or the multinational force would occupy the area which the IDF would vacate, when it redeployed to a new line.

Arens said it was not true that the U.S. was pressuring Israel not to redeploy.

The government must stand firm in the face of foreign pressure as well as domestic pressure to attain its aims in Lebanon, Arens said. The question is, would the government

find the requisite strength?

Arens said the next moves in Lebanon depend on Israel. The government could not decide on a partial withdrawal without making sure that friendly forces would take over the areas to be vacated by the IDF, he said.

A military pullback in Lebanon is not imminent, Arens told his colleagues. In any case the government is seeking to coordinate its moves with the U.S. and with Lebanon, following the withdrawal agreement, he said.

A few ministers criticized the treatment of the casualty figures in Lebanon and the IDF burials by Israel Radio and TV.

Arens said he had toured Lebanon on Saturday and found that the morale of the troops was high.

After a comment by Begin that the Peace Now demonstration outside his residence caused him "suffering," Shostak and Transport Minister Haim Corfu said there was a case for barring demonstrations outside the prime minister's residence and outside the residences of all ministers. The law should be changed, if need be, they said.

Interior Minister Yosef Burg said the demonstration outside Begin's home had all the necessary permits. He would oppose a change in the law, Burg said, since the right to demonstrate peacefully was a democratic principle.

Foreign Minister Yitzhak Shamir reported on his visit to Europe, where he said he had found a "more sympathetic atmosphere than

previously, Deputy Foreign Minister Yehuda Ben-Meir reported on his talks in North America; Sharon reported on his visit to North America; and Deputy Premier and Housing Minister David Levy reported on his talks in Europe.

Defence Minister Moshe Arens, speaking on Israel Radio last night, said that behind the upsurge in attacks against Israeli forces in Lebanon was a Syrian-PLO attempt to create public pressure in Israel to force the IDF into a unilateral withdrawal. "Their goal is to get us to leave Lebanon so they can move the battle to the Galilee," he said.

Arens said that the Syrians and the PLO are doing all they can to try to secure a unilateral withdrawal, but added that "this would not help them." He said that Israel had to ensure that any areas vacated by the IDF would not be taken over by the Syrians or the PLO, but by forces not hostile to Israel.

Living with terror is not new to Israel, and the security forces have considerable experience in dealing with it, he said. He said that the IDF and the security forces are "doing much" to prevent these attacks. He did not elaborate.

The minister denied that there is any American pressure on Israel to remain along the present lines, and said that it would not be wise to announce any deadline for a Syrian withdrawal now.

Arens added that he believes U.S. Secretary of State George Shultz is going to visit Damascus for talks. But, said Arens, "we should not be overly optimistic."

'Serious' U.S.-Soviet discussions on Lebanon

WASHINGTON (Reuter). — Special envoy Morris Draper said yesterday the U.S. and the Soviet Union have had serious discussions on the Lebanese situation, and expressed optimism that there will be further talks.

Draper's remarks were the first suggestion of anything more than an exchange of diplomatic briefings on the issue by the superpowers.

"We are talking to the Soviets... we can have serious discussions and have had both in Washington and Moscow," he said in a television interview.

But Draper denied the U.S. is working with the Soviet Union "in a way that would draw the Soviets towards a shared arrangement for getting the Syrians, PLO and Israelis out."

Draper said there were "risky developments." He cited the deployment in Syria of Soviet SA-5 missiles manned by Russian crews.

"We have an interest in cautioning them... and we share some of our forebodings and concerns in a frank way with the Soviets as they have with us," he said.

U.S. officials last week said they knew of nothing other than diplomatic briefings to support remarks by visiting Lebanese Foreign Minister Elie Salem that the U.S. and the Soviet Union were working in concert.

Defence Secretary Caspar Weinberger, in a separate television interview, said he saw nothing to indicate an imminent breakthrough on Lebanon.

AP reports from Damascus: Syria reiterated yesterday that its rejection of the Lebanese-Israeli agreement was "fixed and non-negotiable," the official Syrian news agency SANA reported.

The statement was a retort to Salem's declaration in Washington that the U.S. and Syria will soon discuss arrangements for the withdrawal of Syrian troops from Lebanon.

WHEN THE LEADING INDUSTRIES LOOK FOR A CREATIVE AND RESPONSIVE BANK THEY BANK WITH US



Total Assets exceed U.S. \$12 billion

Over 280 branches & offices in Israel and abroad.

Head Office: 27 Yehuda Halevi Street, 65 546 Tel Aviv, Israel, Tel. (03) 637111
Tel Aviv: 16 Mapu Street, 65 577 Tel Aviv, Israel, Tel. (03) 247275
22 King George Street, Jerusalem, Tel. (02) 63702/3, 14 Kikar Atzmaut, Nazareth, Tel. (03) 297955
N.Y. Stock Exchange Quoted: Diamond Square, 64 396 Tel Aviv, Israel, Tel. (03) 297955
4-D Executive Service Bureau: Dan Hotel, 99 Hayarkon St., 69003 Tel Aviv, Tel. (03) 241111 ext. 1574
U.S. SUBSIDIARY: ISRAEL DISCOUNT BANK OF NEW YORK
Main Office: 511, Fifth Avenue, Tel. (212) 551-8888
Other subsidiary banks and offices: Buenos Aires / Cayman / London / Los Angeles / Luxembourg / Miami (2) / Montevideo (3) / Montreal / Nassau / Rio de Janeiro / Santiago / Sao Paulo / Toronto

The People You Can Talk To

ISRAEL DISCOUNT BANK

HAVING EXHAUST PROBLEMS?
Work done by specialists,
while you wait.



TEL AVIV - 6 Hasoleim st.
(behind Sypholux)
tel. 337888

The weather at major Swissair destinations

	12.00	MIN	MAX	
	C	F	C	F
AMSTERDAM	11	52	17	63
BRUSSELS	13	55	22	71
BUENOS AIRES	2	35	11	51
CHICAGO	14	57	24	75
COPENHAGEN	14	57	18	64
FRANKFURT	11	52	24	75
GENEVA	14	57	24	75
Helsinki	10	50	20	68
HONG KONG	27	81	31	88
JERUSALEM	18	64	28	82
LONDON	11	52	18	64
LYON	12	54	20	68
MONTREAL	11	52	20	68
MOSCOW	12	54	20	68
MUNICH	11	52	20	68
OSLO	12	54	20	68
PARIS	14	57	24	75
SAO PAULO	14	57	24	75
STOCKHOLM	11	52	20	68
TOKYO	15	59	28	82
TORONTO	9	48	22	72
VILNIA	14	57	24	75
ZURICH	14	57	24	75

* For the latest weather conditions, consult Swissair

Offices in Israel:
Tel Aviv, 41 Ben-Yehuda St. (03) 243350
Jerusalem, 30 Jaffa St. (02) 225233
Haifa, 2 Sela Road (04) 64655

swissair

THE WEATHER

Forecast: Slight rise in temperatures.

	Yesterday's	Today's
	Humidity	Min-Max
Jerusalem	57	14-22
Golan	73	—
Nahariya	63	20-26
Safed	68	14-21
Haifa Port	68	21-28
Tiberias	47	19-31
Nazareth	47	16-24
Afula	56	19-27
Shimon	33	16-24
Tel Aviv	60	20-27
B.G. Airport	54	18-27
Jericho	54	18-33
Gaza	63	19-26
BeerSheva	42	16-28
Eilat	18	21-35

SOCIAL & PERSONAL

Knesset Speaker Menachem Begin yesterday was the guest of Zichron Ya'akov and Netanya.

Philippines Ambassador Ernesto Gidjaya yesterday gave a reception on the occasion of the Philippines Independence Day at his residence in Herzliya Pituah.

Sixteen members of the American Professors for Peace in the Middle East, yesterday met with Naamat secretary-general Masha Lubelska, and with Geula Havkin of Naamat. They heard about the achievements of women in Israel, and of the involvement of Arab women in Na'amat activities.

Technion President Yosef Singer last week was awarded an honorary doctor of science degree by the Brooklyn Polytechnic Institute, where he studied for his master's and doctor's degrees in aeronautical engineering 30 years ago.

Dr. Gideon Ben-Dror, deputy director-general of the Ministry of Education and Culture will speak at the weekly meeting of the Jerusalem Rotary West at the King David Hotel at 7 tonight about "Challenges and Goals Facing the Israeli Educational System Today."

ARRIVALS

American Moratch Women officers, Mrs. Roselle Silberstein, national president, and Mrs. Ruth Jacobson, honorary national president, for action committee meetings of the W.O. and Mrs. Yaffa Gordon, national treasurer and husband Isidore on AMW business.

Three remanded in TA rape case

By MICHAEL YUDELMAN
Jerusalem Post Reporter

TEL AVIV. — Three men charged with raping a woman were remanded in custody by the Tel Aviv District Court yesterday until the completion of their trial.

The charge sheet states that Yosef Ben-Said Hamud, 22, and Taufik Ben-Mahmoud, 26, both of Dir Hana, and Ali Ben-Salim Hatib, 34, of Kfar Ozer, met the woman at the Boogie and Blues Club on Rehov Dizengoff on the night of May 20 and got her drunk. They then raped her, leaving severe bruises on her body, the charge sheet says.

The defendants were arrested on May 22 and have since remained in police custody.

The defendants' attorney told the court he had received reports that the woman had been seen earlier on the night of the alleged rape walking in Kikar Namir, already bruised.

Judge Haim Steinberg ruled that the defendants should remain in custody until the end of the trial.

New mayor for Acre

ACRE (Itim). — Eli De Castro of the Alignment was elected mayor here yesterday. He replaces Yisrael Doron, who resigned the post two months ago.

QUALITY. — The Interior Ministry's Quality of Environment Prize has this year been awarded to Nahariya.

HOME AND WORLD NEWS

Shostak, Aridor to talk on MD strike

By MARGERY GREENFELD
Jerusalem Post Reporter

Health Minister Eliezer Shostak and Finance Minister Yoram Aridor will meet this morning, at the request of Prime Minister Menachem Begin, to try to find a solution to the 104-day-old doctors' strike.

Following yet another bitter exchange between the two ministers at yesterday's cabinet session, Begin instructed Shostak and Aridor to sit down together and find a way to break the deadlock that has paralyzed the wage talks for the past 10 days.

"We will coordinate our position with the Treasury before presenting any new proposals to the doctors," Shostak told *The Jerusalem Post* last night.

But with the talks at a dead halt and any chance of a quick solution almost nil, the Histadrut's Kupat Holim Clinics doctors are edging closer to signing an agreement with the health-insurance fund management and returning to work.

The growing restiveness among the fund's 3,500 clinic doctors was apparent yesterday at a meeting of the executive of the Kupat Holim doctors' organization. The representatives of the clinic doctors voted for a return to work, while the hospital doctors' delegates strongly opposed such a step.

While such a decision cannot be considered

hinding until it has been approved by the 100-plus members of the Clinics doctors' national council and also by the Israel Medical Association's strike organizing committee, yesterday's vote indicated an ever-widening rift among the fund's doctors.

The storm at yesterday's cabinet meeting broke just as Shostak was in the midst of briefing the ministers on the current situation. It was learned that one of the afternoon papers that was brought into the cabinet room just after noon featured a story stating that the Health Ministry had proposed a 40 per cent rise in the doctors' basic salaries.

Shostak angrily denied that the proposal — or the press report — had been "made in my name," but Aridor condemned both the proposal and the leaking of it to the press.

However, it is known that the ministry, and especially Director-General Baruch Modan, has been working quietly behind the scenes for at least a week to put together a new offer that could at least act as a basis for the resumption of the talks.

The finance minister noted icily that only the Treasury is authorized to conduct the wage talks, until the cabinet decides otherwise, it was learned.

With that, Shostak stopped in the middle of his presentation and

declined to go on.

Sources close to the talks were "dismayed" last night at the "premature release" of information relating to the Health Ministry's initiative. One of the main concerns last night was the possible scuttling of the agreement between the Kupat Holim Clinics management and its clinic doctors, which is said to be "on the threshold of being signed."

Later in the day, Shostak told a group of 70 doctors demonstrating outside Hillel Yaffe Hospital in Hadera that he would "fight to fulfill your just demands, although you haven't made the battle easy for me."

Shostak was speaking at the dedication of the \$4-million Leopold Grunwald surgical wing at the hospital.

Shostak told the protesters, who carried signs reading "In wars we get medals; at work we get nothing" and "The Treasury has patience until the patients start to die," that he is "willing to sign my name to these placards."

"In no country in the world do doctors work as hard in such bad conditions as you do here," he said. But this did not mollify the angry demonstrators, who demanded to know why neither Shostak nor Modan had even threatened to resign over the continuing crisis in the medical system.

'Don't let Kach man take IDF course'

Jerusalem Post Reporter

TEL AVIV. — The Labour Party's reaction team yesterday asked Defence Minister Moshe Arens to ensure that Kach figure Yossi Dayan not be permitted to train in the IDF as an explosives expert.

A report in yesterday's *Ha'aretz* said that Dayan, one of the leading members of Rabbi Meir Kahane's Kach movement, was training in the IDF in this capacity.

The reaction team noted that Dayan had been involved in a number of incidents of assault on Arab citizens and had praised the attack in which former Ramallah mayor Kerim Khalaf and former Nablus mayor Bassam Shak'a were maimed.

The army spokesman was last night checking whether Dayan was in fact undergoing any sort of training in the IDF.

Mossad didn't want to hire Eli Cohen, says colleague

Jerusalem Post Reporter

TEL AVIV. — A former colleague of Eli Cohen, the Israeli spy hanged by the Syrians in 1965, said yesterday that the intelligence services had originally dissuaded Cohen from joining the services. He was hired only after three years of repeated applications and then on a trial basis only, the source said.

The source, identified only as Cohen's "colleague from work," spoke at a memorial ceremony for Cohen, held at Beit Sokolov here.

Speaking with an Arab accent, the colleague said Cohen had volunteered shortly after immigrating to Israel.

His interviewers were going to turn him down but were impressed by his personality and persistence, he said. When they pointed out the dangers involved he replied, "You die only once — and until that hap-

pens you manage to do a lot," the source quoted from a written text. Nevertheless the intelligence recruiters advised Cohen to think the matter over.

The source did not explain why the services had hesitated to hire Cohen, nor was there any hint yesterday as to what had caused his capture.

This colleague's comments appear to contradict accounts in several books which have said the intelligence services pressured Cohen into joining the force.

Cohen was hanged on May 18, 1965 and the Syrians have consistently refused to return his remains. Addressing yesterday's meeting, Foreign Minister Yitzhak Shamir — himself a former Mossad member — pledged to continue efforts to bring the remains to Israel.

'MKs use their influence in bid to sway police'

By ROBERT ROSENBERG
Jerusalem Post Reporter

Some Knesset members regularly try to use their prestige to influence the police and there have been cases when they were successful, a senior police source said yesterday. "As soon as the crime smells political there are telephone calls," the source said, adding, "Generally, we listen politely and then judge each case on its merits."

A spokesman for the Justice Ministry said that "while there is no rule against such interventions, we hope that civil servants will know how to withstand them."

The most recent case of an MK reportedly attempting to intervene in a police matter was last Thursday night when, according to sources in

Jerusalem, MK Haim Druckman asked Southern District police commander Nitzav Yehoshua Caspi to be lenient with 13 yeshiva students accused of disrupting a performance of Handel's *Messiah*, at Binyanei Hauma in Jerusalem.

Druckman was unavailable for comment last night, but sources say he is one of the callers "most often on the phone to the police." On this occasion police ignored the intervention, sources said.

A spokesman for the Southern District command declined to confirm or deny that Druckman called on Thursday night.

The police asked the magistrate on Friday either to remand the arrested students from Jerusalem's Merkaz Hurav until the end of court

proceedings, or to impose stiff bail terms. The presiding magistrate imposed IS15,000 bonds on all 13, forbidding them to leave the city.

"But," said a police source, "there have been cases in the past when officers weren't able to withstand the pressure, and that's scandalous." He said he knew of such cases, but would not give any details.

Justice Ministry sources last night noted that "the phenomenon of such political pressure is not uniquely Israeli." But police officers have regularly complained in private that on certain matters they "can predict who's going to call, and what he's going to say."

Typically, said one police source, a religious group's rally ending with arrests will result in phone calls

TWO WOUNDED

(Continued from Page One)

Ephraim Hazan, 24, of Kfar Uriya, took place there yesterday.

Segev (Lieutenant) Naftali Dudules, 34, of Bnei Brak, was buried on Friday at the military cemetery in Kiryat Shaul.

Yesterday morning two Red Cross vehicles, which were clearly marked, were blown up on Lebanon's coastal road north of Sidon. They were unoccupied and no one was hurt. This is the first reported attack on a Red Cross target in South Lebanon in recent years.

A Swiss official of the International Committee of the Red Cross bureau in Sidon said she could not explain the attacks. "We distribute aid in Sidon to everyone who needs it. We have no enemies here," she said.

Meanwhile, Reuter reports from Sidon that IDF soldiers yesterday cut down trees around IDF headquarters there, apparently to deny attackers cover around the heavily guarded building.

Israeli troops have already reportedly cut down swathes of orange and lemon trees and banana palms beside main roads in the south in an attempt to make it harder for terrorists to stage ambushes.

Three Lebanese journalists, including a local correspondent of the French news agency, Agence France Presse (AFP), were detained in Sidon for two hours yesterday by the IDF, it was reported.

An AFP spokesman in Beirut said they were picked up for taking photographs. Their films were seized and an Israeli officer who questioned them said they should give prior notice before taking pictures, the spokesman said.

Lebanese reporters in South Lebanon said a demonstration took place on Saturday in the southwestern Bekaa Valley town of Sahmur in protest against last week's arrest of 22 local residents in an IDF crackdown on terrorist suspects.

The reporters said demonstrators burned tires and threw rocks at Israeli soldiers who tried to reopen a road into the town.

Lebanon's state radio and several privately owned stations reported two Grad rockets fell on the Christian towns of Jounieh and Bikfaya yesterday about noon. No casualties and slight damage were reported.

The Voice of Lebanon radio said the rockets were fired from Syrian-held territory in the central mountains.



The leader of the Utah Oratorio Society conducts the Mormon singers at Beit Hanassi yesterday, where they performed at the invitation of President Chaim Herzog.

(Rahamim Israeli)

NEWS ANALYSIS/David Bernstein

Gaddafi's Mideast swing aimed at ending isolation

Libyan leader Muammar Gaddafi has just completed a landmark tour of four Arab nations, including conservative Jordan and Saudi Arabia, designed to forge a joint militant Arab stand against Israel.

The official Libyan news agency Jana reported yesterday that Gaddafi returned to Libya on Saturday night after visiting North Yemen, Saudi Arabia, Jordan and Syria "as part of the total pan-Arab mobilization to confront the Zionist death-wagon threatening the Arab nation's existence."

Gaddafi's visit to Saudi Arabia, according to agency reports his first trip ever to that country, has been viewed by observers as especially significant, indicating the degree to which the balance of power has shifted away from the Arab moderates toward the radicals in the year since Israel's invasion of Lebanon.

Gaddafi is plainly taking advantage of this shift, which has left his

fellow rejectionist Syrian President Hafez Assad holding an effective veto over all U.S.-initiated peace moves in the region, to end his isolation and unite the Arab world in a more militant stance vis-à-vis Israel.

The Libyan leader is also taking advantage of the growing radicalization inside the Palestinian Liberation Organization to challenge the political line associated with Yasser Arafat prior to last June's invasion of Lebanon, and has come out openly in support of the dissidents in Arafat's dominant Fatah group.

Efforts to bring Gaddafi and Arafat together in North Yemen last week failed — apparently as a result of Arafat's unwillingness to follow the lead of Saudi King Fahd and Jordan's King Hussein and concede that the pendulum in Middle East politics has indeed swung so decisively in the direction of the man he had derided as an "ant" just a few days before.

Arafat announces plans for Arab Middle East summit

BAHRAIN. — Palestine Liberation Organization chairman Yasser Arafat said yesterday an Arab summit is to be held to discuss Middle East problems.

He told reporters here "there will be a summit meeting to discuss the Middle East situation." The date and venue were still under discussion, he said.

Arafat said summit topics would include the outcome of visits to the five permanent members of the UN Security Council by an Arab League delegation to explain an Arab peace plan for the Middle East adopted last year.

A summit was supposed to have been held earlier this year to hear the delegations' report.

Arafat said the summit was the result of efforts by Saudi Arabia, Algeria and the PLO, whose representatives have been touring

the Middle East over the past six weeks seeking an Arab consensus on Lebanon and other major problems.

Arab League secretary-general Chedli Kilihi has also been travelling around the area on what appeared to be a similar mission.

Arafat also disclosed in an interview with the Kuwaiti newspaper *Al-Qabas* that 65 members of the renegade group headed by Sabri al-Bunna (Abu Nidal), who broke away from the PLO almost a decade ago, had joined forces with the dissidents in his Fatah group who have been challenging his leadership for the past month.

"Five of the 65 tried to assassinate Abu Iyad and one of our officers, and we executed them," Arafat told *Al-Qabas* without elaborating. (Reuter, AP)

BEGIN DEFUSES

(Continued from Page One)

from a discussion on the way Sharon had dominated the course of the war into a squabble between coalition partners.

In broad terms, this squabble saw Sharon blaming his colleagues for passing the buck in a disloyal fashion, because of the dilemma in Lebanon, while his foes reminded him that he had fired the first shot in the present series of rows.

Sharon emphasized to his colleagues that his complaint was personal and not political, assuring them that he never had any intention of supporting the Alignment motion calling for an inquiry, which is due to come up in the Knesset plenum on Wednesday (and not today as originally scheduled). Labour Party leader Shimon Peres will present the motion instead of its original initiator, Yosef Sarid.

Opening the discussion at the cabinet session, Sharon said that he sought either a cabinet statement confirming that all moves relating to the war had been approved and decided by the cabinet as a whole, or the establishment of a commission of inquiry to probe how the decisions were taken.

Sharon said: "I am not ready for my colleagues to brand me with the Mark of Cain. I am not ready to carry other people's blemishes. But I have no desire to bring this government down."

The prime minister said there was no need for a commission of inquiry since there was nothing to probe. He said that everyone in the cabinet had been free to state his views on each military move as it was proposed, and to vote according to his opinions. As a result the responsibility had been freely shared by all ministers, Begin said.

Several ministers challenged Sharon in the discussion. Communications Minister Mordechai Zippori said the issue was not whether Sharon had faith in his colleagues, but whether the ministers had faith in Sharon. "It was Sharon who started the mudslinging, and Sharon who shrugged off cabinet responsibility," Zippori declared.

Minister-without-Portfolio Mordechai Ben-Porat said it was a

privilege to help any minister clear his good name. But Sharon had cast the first stone, he said, while on a lecture mission abroad, when he accused the government of behaving like a leadership which dodges its responsibilities. "You have no right to make such charges," Ben-Porat said. "And if you really think that way how can you remain within the cabinet?"

After one of the ministers commented that Deputy Premier Simha Ehrlich had escalated tension in his TV interview last Sunday night, Ehrlich said he would not retract one word of what he had said. Ehrlich said: "I did not vote in favour of opening the Lebanon war. But I have the same responsibility as every other minister for what is done and what is decided, according to the principle of collective responsibility."

Ehrlich said: "I went on television to defend the good name of the government after Sharon began to attack it. What I said about moves not authorized by the government beforehand, but only *post factum*, is the full truth, because I was repeating what we all heard some months ago, right here at this cabinet table (from Begin)."

Turning to the prime minister, Ehrlich chided: "You display excessive permissiveness towards those who attack the government."

'Industrial workers threaten to walk out

TEL AVIV. — Representatives of some 400,000 workers in private industries yesterday threatened a labour dispute unless they receive immediate wage increases.

Staff committee leaders who met here yesterday gave managements one week before declaring a labour dispute, which would enable them to strike two weeks later.

The workers are demanding a 6 to 8 per cent wage increase retroactive to April, to compensate for what they claim is an erosion in their salaries. They pointed out that the June 1982 labour agreement with the coordinating bureau of economic organizations provides for periodic updating of wages to compensate them for erosion.

(Continued from Page One)

supporting an election initiative, Labour says.

It was stated, however, that Labour cannot risk proposing early elections until it is certain a majority can be secured for the move, because if it fails the proposal cannot be submitted again for six months.

On the Likud side, sources close to the prime minister agreed that he is ready to opt for elections but cannot initiate the move for fear of alienating the small coalition partners.

The sources told *The Post* that the fact that the army is still in Lebanon is not an argument against holding elections now. But the sources added: "Perhaps very soon the army will pull back, and in that instance Labour would be deprived of its trump card and this will dampen their election ardour."

Justice Minister Moshe Nissim yesterday advised Labour to move for early elections in the Knesset. They may get Likud support, and if not, they will have succeeded in embarrassing the government."

But Labour wants to be sure, say its leaders, and Party Chairman Shimon Peres yesterday promised a group of party activists that if he

ELECTION

finds that a majority is assured, he will sponsor a bill to reschedule elections.

However, Peres made that conditional on a legislative amendment that would cut the period allowed to prepare the elections from 100 days to one month.

Peres' opponents in the party were saying yesterday that his motive is to make it impossible for rival Yitzhak Rabin and, possibly, ex-president Yitzhak Navon, to mount an effective challenge for the nomination as party candidate for the premiership.

National Religious Party sources told *The Post* that opposition to the elections in the party is fierce. This is despite the fact that Education Minister Ze'evulun Hammer told radio interviewers yesterday that his party will not "hinder a possible move by the big parties for early elections."

Hammer added that the NRP thought elections at this time are "superfluous" and "even harmful." "Our soldiers are still in Lebanon and we still have casualties there. This is no time to create a new focus for internal conflict in Israel," he said.

In great sadness,
we announce the passing of

NADIA REISENBERG-SHERMAN
musician, teacher, humanitarian, friend

Family and Friends

My dear husband

KURT LEVY
passed away after a short illness.
He bequeathed his body to science.

Eva Levy

In deep sorrow we announce the death of

Prof. YITZCHAK (Wally) WALTERSTEIN

The funeral will take place on Tuesday, June 14, 1983 at 4:00 p.m. at the Eretz Hechaim Cemetery, Shimon Junction. A bus will leave from the Moadon Ha'aleh, 9 Aikalai St., Jerusalem at 3:15 p.m.

Lillian Walterstein
Ruth Rosen
Marcia Walterstein
Janet Winston
Esther Grant

THE YIDDISH CULTURE ASSOCIATION OF JERUSALEM
mourns the passing of our vice chairman

Prof. YITZCHAK WALTERSTEIN 5-1

a founder and treasurer of our
Dr. Shmuel and Rivka Hurwich Literature Fund

Profound condolences to the family.

In deep sorrow we mourn the untimely death of

Mrs. JACKIE JACKSON

a loyal supporter of Israeli cricket, and offer our heartfelt sympathies to the Jackson, Davis and the ICSEA family in the United Kingdom.

Naomi and Gabriel Kandil
and all the Israeli Cricketing Family

Satmar said building on cemetery

By ABRAHAM RABINOVICH
Jerusalem Post Reporter

The Satmar rebbe yesterday laid the cornerstone for a massive residential quarter in Jerusalem on a tract said by archaeologists to contain ancient Jewish graves. The presence of such graves would render the site halachically unsuitable for building.

An official of the Eda Haredit told *The Jerusalem Post* yesterday that the archaeologists' allegation would be examined, and that if the site is found unsuitable for construction according to halacha (religious law), no houses would be built. "Meanwhile we're going ahead with the ceremony," he said.

The site in northern Jerusalem is on a hill above the Beit Tora quarter. Jerusalem district archaeologist Dan Bahat said yesterday that it was part of the necropolis which ringed Jerusalem

in the Second Temple period. He said he had located one tomb on the surface which had first been identified by his predecessor, Amos Kloner. Bahat said he believed there were other tombs beneath the surface.

The Eda Haredit official said halachic construction above certain types of tombs. "We've just heard about it and we'll have to examine it. We'll want to hear what other archaeologists have to say. Then the Eda leadership will have a special meeting."

Some haredim at the site said that it would be possible to build houses on the site if arches were first built above the graves. Others noted that Ramat Eshkol and many other neighbourhoods in the area had been built on ancient Jewish cemeteries.

The site was purchased by the Satmar from the heirs of the late

Jerusalem Chief Rabbi Bezalel Zolti after establishing that the land had not been expropriated from Arabs by the government. The Satmar court plans to build 350 apartments on the site, which is part of the "Bible belt" of ultra-Orthodox neighbourhoods extending from Romema to Sanhedria Murhev. The quarter, named Kiryat Yoel Moshe after the previous Satmar rebbe, would be the third and largest built by the Satmar court in Israel — there is another one in Jerusalem and one in Bnei Brak.

The revelation about the tombs and the discomfort this has wrought in the Satmar camp has raised wry smiles to the archaeological community which has been harassed over the years by ultra-Orthodox Jews attempting to prevent excavations that might touch ancient Jewish graves. Archaeologist Yigal Shilo, whose City of David dig has been the object of violent demonstrations, said last night he was happy to hear that the ultra-Orthodox were thinking about halachic solutions that would not immobilize the sites of ancient cemeteries in Jerusalem.

The site, one of the last remaining stretches of open space in the area, had remained unsold for years, according to secular sources, because contractors knew of the presence of graves and feared that they would have problems from zealots if they attempted to build.



President Chaim Herzog (centre), with Defence Minister Moshe Arens (left) and Chief of Staff Rav-Aluf Moshe Levy preside at yesterday's presentations of the Israel Defence Prizes. (Rahamim Israel)

Warning-system designers win national defence prize

By JUDY SIEGEL
Jerusalem Post Reporter

Ten soldiers and civilians were presented yesterday with the 1983 Israel Defence Prizes for military development, in a ceremony held at Beit Hanassi.

The 10, who were members of two teams, remain anonymous for security reasons. The first team, all part of the Israel Air Force, developed intelligence equipment. The second group developed a naval electronic fighting system, and included both navy employees and employees of the AEL electronics firm.

The winners were selected from among 14 entries by a committee of three experts chaired by Aluf (res.) Shlomo Harel.

President Chaim Herzog said at the end of the outdoor ceremony that Israel has to devote its best brains and resources to defence to preserve a gap of quality between this country and its enemies.

Defence Minister Moshe Arens, who was present along with Chief of Staff Rav-Aluf Moshe Levy, said that in previous years he had been among the audience at the annual awards ceremony. "It was my privilege to be part of a group of Israeli scientists, technicians and researchers developing arms," said Arens, who is an aeronautics engineer.

The ceremony is held every year on the anniversary of the death of Hagana founder Eliahu Golomb.

Burg agrees to election for Jerusalem Ashkenazi rabbi

By JUDY SIEGEL
Jerusalem Post Reporter

Religious Affairs Minister Yosef Burg this week is to reluctantly announce intentions to hold an election for a new Ashkenazi chief rabbi of Jerusalem, after having tried to postpone the vote for months.

On June 2, the State Attorney's Office gave the Religious Affairs Ministry about 10 days to make the announcement, after deciding that it could not defend the ministry successfully if a petition for holding the election were brought to the High Court of Justice. Tadir Matzad, the Jerusalem religious movement that is aligned with MK Haim Druckman's Mifkad Tzionist party, has threatened to take the case to the High Court.

The ministry spokesman said yesterday that Burg would announce elections if he had no alternative, but that the minister prefers not to initiate the election process until the end of the year-long mourning period for the late Jerusalem chief rabbi Bezalel Zolti, who died last November.

But Burg has apparently been delaying elections because he has not yet found an acceptable candidate for the post. One of the rabbis being mentioned is Rabbi Shilo Raphael, rabbi of the Kiryat Moshe neighbourhood and a rabbinical court judge, who is also the son of

long-time National Religious Party leader (and Burg's rival) Yitzhak Raphael.

Jerusalem Mayor Teddy Kolek is vehement on the need to replace Zolti, since Sephardi Chief Rabbi of Jerusalem Shalom Mashash, who was elected with Zolti, is not active in his post and a vacuum in religious authority has resulted.

Lahat beats down Labour motion of no-confidence

By CAROL COOK
Jerusalem Post Reporter

TEL AVIV. — The city council's Labour opposition failed yesterday in a vote of no-confidence against Mayor Shlomo Lahat over the state comptroller's report on the municipality.

After a noisy two-hour debate, the opposition's motion was defeated by a vote of 18 to 6, while a counter-motion of support by Lahat's Likud coalition was carried by 18 to 6.

The report, published in early May, sharply criticized the municipality for failing to implement fire regulations, lack of supervision of construction, leasing land too cheaply to sports associations, operating on budgets that were not approved by the Interior Ministry, borrowing money without the Interior Ministry's approval and spending more than four times the projected amount on Dizengoff Centre. It also chided Lahat for building an access road in Afeka near his home without the approval of the city council or the local committee for urban construction.

Technically, the motion was converted from a no-confidence vote into a vote of criticism after the council's legal counsel David Talmor determined that a vote of no-confidence against a mayor is illegal. The opposition attempt was doomed as it has 10 representatives on the council, to the coalition's 21.

Smooth census may bear results by fall

Jerusalem Post Reporter

The collection of completed questionnaires for the Fourth National Census of Population and Housing is proceeding so smoothly that more than a quarter of the 1.5 million forms are already in the hands of the Central Bureau of Statistics.

"We are delighted at the progress we have noted in the first week of return calls made by our census-takers following their first visits last month, during which they distributed the questionnaires," said bureau spokesman David Neumann.

"We are looking forward to completing the form collections by the end of this month. If things go according to schedule, the first results of the census will be published in September," he added.

The census — the first since 1972 — is designed to provide government agencies with data for long-term planning.

Neumann said many families last week had to request the census-takers' assistance in answering questions that were unclear. The workers are equipped with a glossary in six languages, in case a respondent does not fully understand the Hebrew wording of the questionnaires.

According to Neumann, the only objections to the census are being met in certain Orthodox neighbourhoods in Jerusalem, Bnei Brak and a few other places. "The letters we have published from the two chief rabbis, in which they declare that participation in the census is permissible, under Jewish tradition, were to no avail," he said.

Correction

The POB number of the compilers of the *World Directory of Jewish Press and Publications* is POB 7699, Jerusalem, and not as given in yesterday's Postscripts.

Histadrut firms to pay half nat'l average wage

TEL AVIV. — The Labour federation's central committee yesterday decided that Histadrut enterprises will pay their employees at least half the average national wage. The move is designed to pressure the government and the private sector to do likewise.

The immediate meaning of this decision is that the lowest wage in Histadrut-owned companies will be IS\$4,000. These enterprises employ 27 per cent of the country's labour force.

Yesterday's decision was in line with a bill proposed to the Knesset by Histadrut secretary-general and MK Yeroham Meshel to peg the minimum wage at half the average wage.

Aridor opposes Patt on foreign-currency tax

Post Economic Reporter

Finance Minister Yoram Aridor is against imposing new taxes, including taxes on foreign currency purchased by Israelis travelling abroad, the Treasury spokesman announced yesterday.

The spokesman was reacting to the statement of Industry and Trade Minister Gideon Patt on Saturday that there is no justification for the low price Israelis going abroad pay for foreign currency.

Aridor said that he will not formally propose new taxes, but he has

not said what he will do if Patt brings new proposals to the cabinet.

It was learned yesterday that one of Patt's ideas is to require a compulsory deposit by people going abroad similar to that imposed earlier this month on importers of consumer durables.

Deputy Finance Minister Haim Kaufman said yesterday that he supports imposing Value Added Tax on trips abroad by Israelis. There is no reason why citizens going on vacation in Israel should pay VAT, and those going abroad are exempt, he said.

Compromise adopted on care for aged

By CHARLES HOFFMAN
Jerusalem Post Reporter

The National Insurance Institute has reportedly bowed to pressure from the Ministry of Labour and Social Affairs, and has accepted the essentials of the ministry's proposals regarding long-term medical care for the aged. *The Jerusalem Post* has learned from a reliable source.

The NII was the leading force behind the majority proposals of the Mann Commission, which recommended universal eligibility for fixed cash benefits, to cover medical care based on the principle of social insurance, similar to unemployment or disability insurance.

The minority report of the panel, backed by the Treasury, the Health Ministry and the Ministry of Labour

and Social Affairs, favoured limited eligibility based on a means test, and benefits provided through the ministries subject to normal budgetary constraints.

After the minority and majority reports were submitted last month to Labour and Social Affairs Ministers Aharon Barak and Yehoram Meshel, the government appointed another panel to work out a compromise proposal. This panel was composed of Deputy Minister Ben-Zion Rubin, ministry director-general Asher Obayon, and NII director Danny Azriel.

The new proposal, which Uzan plans to present to the cabinet later this month, states that those aged 65 and up are eligible to apply for benefits only if their total gross income is less than 1.5 times the

average monthly wage, which was about IS\$2,000 in April.

The new proposal also leaves open the question of how much money will be allocated for expanding geriatric, hospitals, and community services for the aged. The majority report had recommended that half of the funds accumulated so far in the NII for long-term care would go now to expanding services, with smaller fixed percentages of the funds to be allocated for this purpose in the future.

The new proposal also states that the percentage of employees' salaries paid into the fund should remain at 0.2 per cent, while the majority had sought to expand it to 0.75 per cent.

Reckless driver had IS\$2m. in loot

Jerusalem Post Reporter

TEL AVIV. — Failure to observe traffic regulations yesterday cost two alleged stolen-property dealers some IS\$2 million worth of goods and put police on the track of a gang specializing in stealing and marketing electrical appliances.

A Tel Aviv police detective team yesterday noticed a pick-up truck driving recklessly and gave chase, stopping the truck on Rehov Telkinki. The driver and his passenger, both local men about 30 years old, were familiar to the police from past offences related to stolen property and drugs.

Searching the truck, the detectives found an estimated IS\$2 million-worth of stereo equipment,

radio-tape recorders and video games. The suspects told the detectives that they were on their way to market these goods to an electrical-appliance agent.

The police accompanied them to the agent's address, which turned out to be a nursery school. The suspects could not provide receipts for their merchandise.

It was later discovered that the equipment was stolen last week from the Radio-Tzili store on Derech Hashalom during a burglary.

The two suspects are believed to belong to a gang operating in the central region that specializes in burgling electrical appliance stores and marketing the stolen goods.

Histour offers 'Judaica' tours to Poland

Jerusalem Post Reporter

TEL AVIV. — Twenty groups of "Judaica" tours in Poland from July 1 December, according to an agreement signed last week between Histour and the Polish government. Histour board chairman Herzl Shalem told a press conference yesterday.

Shalem said the agreement is the culmination of three months' negotiations with the Polish authorities and may aid normalization of relations between Poland and Israel.

Histour began organizing tours to stand after the memorial events of the Warsaw Ghetto Uprising three months ago, during which many Israelis displayed an interest in searching for their roots. Shalem said he was promised by Polish authorities that no

problems or obstacles would be put in the way of Israelis who want to join the groups to Poland. Visas to Poland will be issued in Switzerland on applications which Israelis must submit a month in advance, he said.

A Swiss agency and the Polish news agency Interpress are assisting Histour with arrangements for the tours, the first of which is due to leave Israel on July 25.

American School graduates 37 today

Jerusalem Post Staff

KFAR SHMARYAHU. — The graduation ceremony for the American International School's class of 1983 is to take place today at the school here, with the participation of U.S. Ambassador Samuel Lewis and guest speaker Hersh Goodman, defence correspondent of *The Jerusalem Post*.

Electricity men in 24-hour strike

Jerusalem Post Reporter

HAIFA. — The majority of the Electric Corporation's 7,000 employees struck yesterday in protest against unilateral changes in the administration of their joint study fund.

Electricity supplies were not affected, as essential staff remained on duty. District repair crews also stayed at work.

A spokesman for the works committee said yesterday that the 24-hour warning strike would be followed by further industrial action unless the board of directors agrees to reinstate two senior employees who represented management on the fund's administrative body.

The two were dismissed and their places taken by two board members who were appointed to the administration by Electric Corporation chairman David Haguel.

Western immigrants boost aliya figures

Jerusalem Post Reporter

A total of 1,013 immigrants arrived last month, compared to 970 during May 1982, according to the Jewish Agency. This puts aliya during the first five months of 1983 up 17.2 per cent compared to the same period last year.

Western aliya contributed most to the increase, while aliya from Russia remains small. Only 139 Russian Jews arrived here since the beginning of January, out of 537 who emigrated from the Soviet Union.

The pace of western aliya is expected to increase even more during the summer months, says the Jewish Agency.

World auditors' parley to open

Jerusalem Post Reporter

TEL AVIV. — Former U.S. secretary of state Henry Kissinger is partly responsible for the International Institute of Internal Auditors opening its annual conference in Jerusalem on Wednesday.

At a press briefing here yesterday, Ya'acov Witowsky, chairman of the conference organizing committee, said this is only the second time in the institute's history that the event is being held outside North America. The previous exception, in 1975, was a conference in England.

"When we put in our bid to host the 1983 conference here, we were competing against France, Holland and a number of American branches. There was a great deal of resistance to the idea of holding the conference in Israel, but Henry Kissinger, who was a guest of honour at the 1979 conference, helped us by his answers to some of the political questions raised."

The two-and-a-half-day event is expected to attract about 300 participants, half of them Israelis and the rest from 15 other countries.

Israeli pies on English tables

Ready-to-eat chicken and turkey pies are among the dozens of processed foods developed, manufactured and exported to the United Kingdom marketed by Milouot, a cooperative enterprise in Israel. Innovative cottonseed products, fruit packing and fresh produce are also on the production programs of Milouot's ten plants in the Western Galilee.

And thousands of Americans are involved in this project through their investments in Ampal. Ampal-American Israel Corporation is a unique concept. It is an American corporation which mobilizes capital on a commercial basis for Israeli enterprises. It is more than 40 years of prudent and successful business decisions.

Give us a call. We'll show you the way to share in Israel's progress and share in the earnings.

Gentlemen: Please send me, without obligation, your booklet "Share in Israel's Progress, Share in the Earnings".

Name _____ Home Address _____
(please print) _____
City _____ State _____ Zip _____
Tel. _____ Israel Address _____
Tel. _____ I am in Israel until (date) _____

AMPAL

American Israel Corporation

In the United States contact:
Ampal-American Israel Corporation
10 Rockefeller Plaza, New York, N.Y. 10020.
Call Toll Free: (800) 556-8766

In Israel or Europe contact:
Ampal (Israel) Ltd.
111 Arlosoroff Street, Tel Aviv 62058.
Tel: (03) 259-125

This is neither an offer to sell nor a solicitation of an offer to buy securities. The offer is made only by the Prospectus, which may be obtained in any state where the underwriter may lawfully offer the securities.

In Israel — only for foreign investors entitled to hold free foreign currency accounts.

at the Merrill Hassenfeld Amphitheatre
Mitchell Garden



Peter, Paul and Mary

TOMORROW!!
Only performance!

Sultan's Pool
Tuesday, June 14, 8.30 p.m.



Gulf states forming rapid deployment force

BAHRAIN (Reuters). — The six-nation Gulf Cooperation Council (GCC) is setting up a rapid deployment force, highlighting concern over the long-term security of the oil-rich region.

Saudi Arabia, Kuwait, the United Arab Emirates, Oman, Qatar and Bahrain formed the council two years ago, motivated partly by fears over their security following Iran's Islamic Revolution and the Soviet military intervention in Afghanistan.

Kuwait Defence Minister Sheikh Salem al-Sabah said Saturday the force would hold joint maneuvers in Oman soon. Western diplomats in the gulf say land exercises will be held in the UAE in October.

The GCC has made no formal statement on the force, but diplomats say the gulf states plan to

carve out contingents from each of their own forces, which could join together effectively in an emergency, rather than setting up a permanent force.

Saudi Arabia, the UAE, Kuwait and Oman will provide battalion-strength units and Bahrain and Qatar company-size contingents, the diplomats said.

These would include mechanized and armored contingents, paratroops and units such as Oman's Special Force, a crack fighting unit based on Britain's Special Air Service.

The diplomats say one major problem facing the Gulf force will be establishing a cohesive command structure.

Saudi Arabia's armed forces include many Pakistani and other officers. Oman's are heavily dependent on British, Indian and

Pakistani commanders and most of the other members' armed forces have at least some foreign officers or advisers.

The Gulf states are all grooming their own nationals to take over full command, but expatriates will be needed in key technical and logistical roles for many years, diplomats say.

For political reasons it is unlikely expatriate officers will be included in any joint maneuvers, and the force's commanders will thus be Gulf nationals.

The force is conceived as a mobile first counter to any external threat to security in the six member states. It thus parallels the U.S. Rapid Deployment Force, now renamed Central Command (CENTCOM), set up by former president Jimmy Carter in 1980 after events in Iran and Afghanistan.

Soviet forces not so tough, says author

WASHINGTON (Reuters). — President Ronald Reagan and the Pentagon have weakened the West by consistently overestimating Soviet military power to justify higher arms spending, according to a forthcoming book.

The *Threats* by Andrew Cockburn, a contributing editor of *Defence Week*, says that despite U.S. statements to the contrary, the two superpowers have roughly equal numbers of combat troops. Soviet tank and jet production has declined and Soviet missile accuracy has been exaggerated.

He also says, however, that the Pentagon's reliance on superior technology has backfired as price estimates for the high-technology weapons have soared, leading to production cutbacks.

Problems in maintaining the complex systems have reduced the West's arsenal even further. The new U.S. M-1 tank costs three times as much as the M-60 it will replace, Cockburn writes.

"Since it also breaks down twice as often, the army will have far fewer tanks available for combat." Likewise, NATO's F-111 fighter bomber soared to five times its original cost and the plan for 2,000 planes was cut to 563.

Relying on interviews with dozens of young Jewish emigrants who served recently in the Soviet forces, Cockburn paints a picture of a poorly trained army suffering from chronic drunkenness.

Citing U.S. intelligence sources and published reports, Cockburn says a mobilization for possible intervention in Poland in 1980 became a shambles as "reservists called up in key districts next to the Polish border promptly deserted." In the Soviet invasion of

Czechoslovakia in 1968 there was also mass confusion.

A Soviet emigre who participated in the invasion is quoted as saying officers were afraid of their men once live ammunition had been issued.

When Moscow sent forces into Afghanistan in 1979 and 1980, it depended heavily on largely Moslem troops who proved unreliable and sold military equipment on the black market, according to a Pentagon study cited in the book.

In the early 1970s, a U.S. army officer who was allowed to observe Soviet army maneuvers in East Germany assisted a Russian lieutenant and a colonel who were lost because they could not read their maps, says a congressional report quoted in the book.

The Soviet army is estimated at nearly six million men, while the U.S. army has about two million. But, Cockburn says, the figure is misleading.

"Discarding the kinds of troops that the U.S. does not have because

it does not think it needs them, the net is about two million on either side," he writes.

Other points in the new book include:

- Estimated Soviet tank production has been dropping and was down to 2,000 in 1981 from 5,000 in 1960.

- Americans found Soviet tanks captured in the Middle East unreliable and prone to break down.
- Soviet jet production in 1981 was well down from the 1960 figure.

- The new MiG-23, which the Pentagon calls a much more formidable plane, "is no improvement at all," according to an Israeli Air Force general.

- Despite U.S. assertions of a formidable Soviet nuclear first strike capability, as many as half the Soviet rockets fired in tests have gone astray.

Asked to comment on the book, a Pentagon spokesman said it distorted reality by "making the Soviets appear 3.5 inches tall."

Teenage mouse-trapper makes a killing

FRENKENDORF, Switzerland (AP). — High school pupil Daniel Knempf seized a chance to up his pocket money after the local authorities posted "one tail, one franc" (152.31) rewards in a campaign against proliferating field mice.

Now the 15-year-old boy's business acumen has left the community facing the question of whether to approve a new 6,000 Swiss franc (152,780) supplemental budget.

Reinvesting early proceeds, he hoisted his mouse trap arsenal to 100 and, using "some tricks," he needed only a few weeks to catch all 2,000 rodents "budgeted" for 1983. Voters in this village of 4,000 now have the final say on an additional

expenditure of 6,000 francs in "mice money."

Approval is likely and Daniel is confident of pocketing most of the additional funds.

Spanish peace march

MADRID (AP). — Tens of thousands yesterday marched through the centre of Madrid in support of peace and disarmament and against Spain's membership in the North Atlantic Treaty Organization.

The demonstration, called by the Communist Party, its trade union, and leftist pacifist organizations, shouted against NATO and U.S. use of three air force bases and one naval base in Spain. The marchers also demanded a referendum on Spain's membership in NATO.

IRA campaign costs

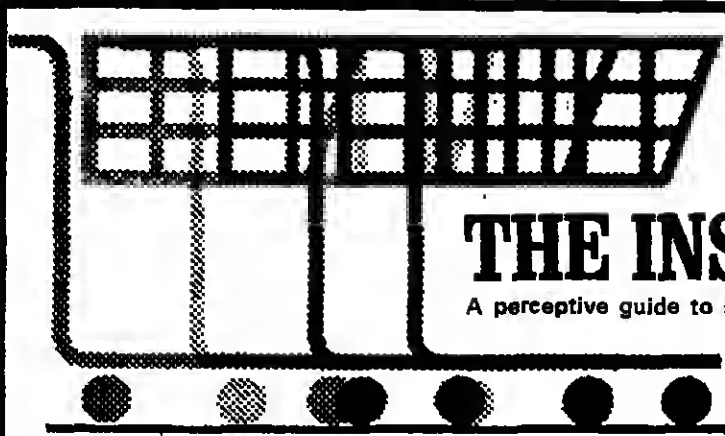
€182m. a year

DUBLIN (AP). — The Irish Republican Army's guerrilla campaign costs the Irish Republic 140 million Irish pounds (£8 billion) a year, Foreign Minister Peter Barry said yesterday.

"There might be less lip service to violence in this country if people realized this," he said at a news conference.

Barry said the spillover of Northern Ireland's sectarian warfare results in security measures that cost every man, woman and child among the republic's 3.5 million people 40 Irish pounds (£2,000) a year.

(Advertising Section)



THE INSIDE TRACK

A perceptive guide to shopping and services in Jerusalem

BARGAIN TIME! TRAVEL TIME!

Round trip flights and one week car rental to many European destinations \$399 per person. Flights to New York, one way \$399, return \$849. Vacations with round trip flight, seven night hotel half board — Palma de Majorca from \$444, Tenerife from \$649, Rhodes from \$310, Crete from \$305 plus dozens of other bargain tours to resorts around the world. Come by or call ZIONTOURS, the friendly people 23 HILLEL ST. In next to Shamai St. Post Office. Tel. 02-233326/7/8. Open every day 8.30 a.m. to 6.30 p.m. Wednesday and Friday till 1 p.m.

PROFESSIONAL TRAVEL SERVICE WITH NO HASSLE

A trip planned by Sheila or Bob of AYALA TRAVEL is a unique, rewarding experience. Their years of American success have made them, in a short time, a highly desirable travel agency for everyone — whether from Haifa, Tel Aviv, Beer Sheva or Jerusalem. Your trip can be planned from your office or home — no parking problems, no traffic and no waiting! Hours are from 8.30 a.m. to 2.00 p.m. and from 4.00 to 6.00 p.m. Now you have a travel agency open at the time you have off. And when they say "open at 8.30," that means they are ready to receive you then, or even earlier. They promise that their service is prompt, efficient, friendly and conscientious. And they deliver what they promise. They'll even deliver your tickets and vouchers to you and handle every detail calmly — even emergency flights or changes in plans. But service like you never thought you'd find is only part of the AYALA story. Listen to these incredible specials: TLV-New York return — \$699 (Even in JULY and AUGUST!!!). Italian charter, 30 day return, only \$299-329!!! Monte Carlo, 5 day holiday, an unbelievable \$799!!! Plus hundreds more. They are also low one might expect true VISA experts. And now they have added a special "HOT LINE" telephone, from 7.00 a.m. till late evening. So if you want to feel at home while being treated royally, call or once. AYALA TRAVEL and TOURS Ltd., 13 Hazevi St. (behind the Central Bus Station) Jerusalem, Tel. 02-525226; 02-537268; 02-817001.

AM YISRAEL HAI DRIVE CAREFULLY

COMPUTERS

If you're working in ten years time, chances are you'll be working with a computer. Wouldn't you prefer understanding computers BEFORE you begin working with them? Register NOW for our computer courses: Introduction to Micro computers, Programming in BASIC, and word processing. In addition to offering courses, we sell the OBSORNE, KAYPRO, IMS and NORTHSTAR business computers, a full line of printers, rent computers, provide services and give FREE advice with no obligation.

THE MICRO COMPUTER CENTRE
Rehov Shatz 6
(02) 233682, 233672

HAPPY BIRTHDAY, HA'ADAMA

Seven years old and still the capital's leading health store, HA'ADAMA, winner of Israel's Selected Products and Business Award 1983 has the largest selection of health and nature products in town. Just in... Fresh Jericho Papaya from Dr. Rose Bilboul, health breads, Hain olive and salad dressings, natural cosmetics, dried nuts, herbs and spices, mung, alfalfa and teneegreek for sprouting, wholewheat flour, bran and wheat germ (bulk purchased — cheaper for you) apple cider, vinegar, tiger nuts (chufas) and hundreds of more great natural foods. HA'ADAMA, 4 BEZALEL ST. (opposite Art Academy) Tel. 246609. Open 7 a.m.-6 p.m.

GREEN FINGERS...

OR NOT, a warm welcome awaits you at HA'MASHTELA, the nursery of Yona and Dido, recently opened with the assistance of Youssef late of Ben Gel nursery. They've hundreds of new annual seedlings — Asters, Ageratum, Balsamina, Merigolda, Cosmos, Salvia, Petunias, etc. only 15S each. They've dozens of different flowering plants and ferns, various Begonias, Primulas, Gerberas, Busy Lizzy, Phoenix and Letania Palms, Pachipodium, Bonzei, Fuschias, Petunias, Jasmine etc. They've bushes, trees, farilliers, guano, zavel, 20/20/20, pots, window-boxes and best of all free advice with no obligation. HA'MASHTELA, 17 BEITAR, TALPIOT (bus 7) Open 7-1.30, 4-6, Friday 7-2.

TASTEFULLY YOURS BY MASKIT

An hour in MASKIT'S lovely store is a must for every visitor to Jerusalem. They've hundreds of delightful items: glassware by Lancy and Riva Sivan, ceramics by Caldaron, Adi, Sari and others; silver plated figurines by Studio Amyr; handmade carpets and wall-hangings by famous Israeli artist (manufactured exclusively by Maskit — hand-knotted Persian style); printed cotton by the metre (exclusive designs); MASKIT'S collection of summer '83 cotton dresses, skirts and blouses; children's fashions by top designers; embroidered day, cocktail and evening dresses; fashionable accessories; plus an exciting range of Israeli handicrafts. In the Mekit Gallery, watercolours by Helen Bar Lev, "Scenes from Ethiopia Street." Plus of course BEIT MASKIT'S lovely garden cafe, MASKIT, 12 REHOV HARAV KOOK, off Zion Square. Sun.-Thur. 8.30 a.m.-7 p.m. Friday 8.30 a.m.-2 p.m. Tel. 02-227941.

NOW'S THE TIME TO BUY A CAR COVER

Protect your car from heat and sun, prolong its life with a car cover. Window sun shields, spray to stop plastic splitting. Wind deflectors — open windows — no draft. Luggage racks for easy touring, picnicking etc., steering wheel locks, fix-a-flat puncture sealers and hundreds of other car accessories. Drop by or let us mail order it to your home. SOLOMON'S, the preferred car accessory supplier, 24 REHOV AGRON (down the road from the American Consulate). Tel. 02-246925. NOW'S THE TIME TO BUY A CAR COVER

ZION KALIMI AT YOUR SERVICE

If you're looking for a small insurance agency with a personal service, able to look after all your insurance needs whether large or small then give a ring and make an appointment with Zion Kalimi. He'll answer without obligation, all your insurance queries about life, medical, travel, personal, accident, automobile, mortgage protection, comprehensive home owner/householder, business, shop etc. Call ZION KALIMI INSURANCE AGENCY, BEN YEHUDA 10, Suite 1. Telephone 02-243944, 249484. Open non-stop 8.30 a.m.-7 p.m.

Soviets slam NATO support for missiles

MOSCOW (Reuters). — Support for the deployment of new U.S. nuclear missiles in Europe at last week's NATO meeting effectively ruled out any prospect of reaching a mutually acceptable accord on curbing medium-range arms, TASS said yesterday.

The communique contained charges which were "false from beginning to end" about the Soviet military threat and was written to lull the vigilance of public opinion in NATO countries, TASS said.

In a separate commentary, *Pravda* summed up the NATO meeting as a logical follow-up to the Williamsburg summit and said the only noteworthy point was the place it was held — Paris.

Pravda was referring to the meeting being held there for the first time since De Gaulle ordered NATO's headquarters out of France 17 years ago.

Canadian Tories oust leader Joe Clark

OTTAWA, Canada (AP). — Montreal businessman Brian Mulroney won the leadership of the opposition Conservative Party at a convention Saturday, ousting former prime minister Joe Clark.

Mulroney has never run for public office, but he promised a breakthrough in his home province of Quebec, where dismal showings by the Tories have doomed the party's efforts in most recent elections.

(Continued from Page One)

American chemical engineer attached to the Environmental Protection Service wrote in his 1982 report: "...long term storage of wastes (in factories) is dangerous because added difficulties of waste disposal may result, and because storage containers might disintegrate, and the wastes may infiltrate into the water table. If the waste is stored in pools it is important to make sure that there is no infiltration into the water table. If such wastes are stored in piles, they must not be exposed to rain or winds which could carry the toxic elements away. Wind-borne toxic elements could injure the health of the factory's own workers."

On the whole, municipal dumps, abandoned quarries, out-of-the-way river beds and ravines are ideal sites for pirate dumping. Beduin in the Negev tell of lost sheep whose hooves have been burned by wandering into such improvised dumps.

It is an open secret that many factories along the Mediterranean dump their wastes directly into the sea. One major culprit was Haifa's "Fruarom" chemical plant which was found to have dumped dangerous amounts of mercury into Haifa bay. This has apparently been stopped, but the damage has already been done. Though the water will eventually clean itself,

African leaders end summit but argue until the last minute

ADDIS ABABA (AP). — African leaders yesterday concluded a troubled summit meeting which produced a peace plan for Western Sahara as its major achievement, but was plagued to the end by ideological and regional disputes.

After surviving the Western Sahara crisis — which brought the Organization of African Unity to the verge of collapse — the 19th OAU summit became deadlocked early yesterday over the election of a secretary-general.

An unofficial count of some 47 ballots failed to produce a majority for any of the three declared candidates, so the leaders asked Nigerian Peter Onu to serve as acting secretary-general until the next summit a year from now.

Archbishop casts ballot, raises conundrum

LONDON (AP). — Archbishop of Canterbury Robert Runcie set a precedent by voting in last Thursday's British general election for a new House of Commons, *The Observer* reported on Sunday.

Runcie, who by reason of his post as spiritual leader of the Anglican Church of England has a seat in the House of Lords, "cast his unprecedented vote" in London's Vauxhall electoral district, the newspaper said.

If the archbishop's decision to vote starts a controversy, it will be

"We have publicly rebuffed our detractors" and strengthened African unity "as never before," declared Ethiopia's military leader, Mengistu Haile Mariam, in a closing speech.

In an apparent reference to Western Sahara, Mengistu said: "We dare say that what we have accomplished at this summit is comparable to the great achievement in founding the organization."

The Western Sahara agreement — hammered out in an overnight session that ended on Saturday morning — called for the first time for direct negotiations between Morocco and the Polisario Front guerrillas, a cease-fire, and a referendum in December.

TOXIC WASTE

possible. "If the Interior Ministry and the Health Ministry continue to expect us to work some magic — it will not work. If we bow to pressure and open prematurely, everything will crumble anew. If they do not cooperate with us, it will be very bad indeed."

He's not a man of illusions — his misgivings are well-founded: "There are no guidelines for the treatment of toxic wastes. The interdepartmental committee has not come up with any detailed regulations but has only dealt with the problem in a general way. We are supposed to give the specifics."

The specifics mean, quite simply, what to do with the accumulated wastes already at the site and how to receive new shipments. Yigal Erlich, director of the chemical division at the Ministry of Industry and Trade, told *The Post* that one possibility is a "one-time solution" sanctioned by the Ministry of Health whereby the wastes already collected at the site will be buried, after being sorted out.

Dr. Uri Maronof, the director of the Environmental Protection Service, is determined that this year around the site will operate properly. "We have suggested a series of principles for the operation of the site. This time we will make sure that there will be no snags — no promises made will be allowed to remain unfulfilled. A mistake is only allowable once."

But the chances of another mistake occurring are as high as ever. Nothing has really changed since the fire, and even today no one is willing to assume full responsibility for the site. When asked by *The Post* why the site is still closed, Maronof said that the question should be presented to the Ministry of Industry and Trade instead. At the Ministry of Health, also, an accusing finger points to the Ministry of Industry and Trade for its failure to hand over the operation of the site to contractors of their choice.

Erlich says that the Ministry of Industry and Trade is tired of always being blamed for whatever happens at the Remat Hovav site. "We have decided that all three ministries will be partners in the operation of the site, because in the past everyone blamed us alone."

Sports

Mac concedes he's second—for now

LONDON (Reuters). — Jimmy Connors continued his mastery over arch-rival John McEnroe on grass by keeping his Stelle Aetiois title with a 6-3 6-3 victory in the final at Queen's Club yesterday. Connors thereby matches his triumphs over his fellow-American here and at last year's Wimbledon final while establishing himself as favourite in this year's Wimbledon which starts a week from today. "He's the favourite right now. He played very well today and it seems like he's playing with great confidence," conceded McEnroe.

In Birmingham Billie Jean King took just 58 minutes to beat her fellow American Alyce Moulton 6-0 7-5 and retain the Edgbaston Cup women's title. King, still ranked 10th in the world, was far too experienced and powerful for her Californian opponent, 18 years her junior. She lost only 13 points in her nine service games.

"I feel healthier than I have felt for years," said King, who reached the semi-finals at Wimbledon last year at the age of 38. "I have given up coffee and tea because I discovered I had a caffeine allergy which made me sick and produced an automatic condition. As a result I can now train harder and my fitness and stamina have improved dramatically. Realistically you have to put the money on Martina and Chris (Lloyd) but it is even the race and it is play absolutely to the best of my ability. I could beat anyone of my day."

Aussies crushed

LONDON (Reuters). — Winston Davis, a willowy 24-year-old Windward Islander, returned record World Cricket Cup figures of seven for 51 as the West Indies crushed Australia 101 runs in the 60-overs competition at Leeds yesterday. Davis took six for 14 in his last 33 balls to spearhead the West Indian victory and leave Australia precariously placed at the bottom of group B.

New Zealand made a fine recovery to beat Pakistan by 52 runs in their group A match, taking the first three wickets without a run on the board during a fiery spell from Richard Hadlee, NZ 238-9; Pakistan 186.

The West Indies, needing a shock 166 for six off 42 overs, at last showed the form that won them the two previous World Cups. Larry Gomes, who had salvaged their innings with a patient 51 not out, took his total to 78 to help his team to 253 for nine.

The Aussies scored 114 for two, despite some promising pace bowling from Roberts, before Davis sliced through their batting and they were all out for 151 in just 30 overs.

Earlier Graeme Wood was hit a sickening blow on the head by Holding and was carried off the field on a stretcher. He was taken to hospital suffering from concussion but there were no fractures.

Both captains were critical of the Leeds pitch. "Had Joel Garner or Malcolm Marshall been playing, we might have had more than just one player in hospital," said Kim Hughes who was also angry that it took six minutes to find a doctor for Wood. "It could have been a matter of life or death," he said.

Trevor Chappell will take Wood's place against India today in a match Australia cannot afford to lose. England head Group A with a maximum eight points, followed by New Zealand and Pakistan with four points each with Sri Lanka at the bottom with no points.

India surprisingly lead Group B with eight points. The West Indies and Zimbabwe have four points each and Australia none. The preliminary round is on a double-round-robin basis.

Orioles streak up, Red Sox slide down

NEW YORK (AP). — The Baltimore Orioles stretched a winning streak to six games on Saturday, beating the Boston Red Sox 10-6 behind the timely hitting of John Lowenstein and Ken Singleton. Lowenstein drove in three runs with a pair of singles, and Singleton rapped a two-run double to help hand Boston their seventh straight loss, representing the Red Sox's longest losing streak since early in the 1981 season.

Scott McGregor, 8-3, got the decision despite allowing nine of Boston's 15 hits in five innings. Bobby Ojeda, 3-2, was the loser, although he retired the Orioles in order through the first three innings.

American League: Baltimore 10, Boston 6; Cleveland 9, Detroit 3; Cincinnati 2, Philadelphia 9; Pittsburgh 7, Montreal 5; New York 3, San Francisco 7; Texas 11, Milwaukee 9; Toronto 3, California 2; Kansas City 4, Seattle 1.

National League: St. Louis 5, Chicago 4, 10 innings; Los Angeles 3, Cincinnati 2; Philadelphia 9, Pittsburgh 7; Montreal 5, New York 3; San Francisco 7, Atlanta 6; San Diego 8, Houston 4.

Dreadfully dull

SYDNEY (Reuters). — The part-timers of Australia held the professionals of England to a 0-0 draw in a disappointing friendly soccer international at the Sydney Cricket Ground here yesterday. England, who fielded four new ceps, failed to overcome an Australian side who concentrated almost exclusively on defence and successfully bottled up strikers Trevor Francis and Luther Blissett.

Aussie coach Frank Arok defending the tactics said "we were underdogs. Nobody expected us to do anything — entertainment was the duty of England, not us." The two countries meet twice again over the coming week.

In Cardiff, Wales held Brazil to a creditable 1-1 draw. Genuine underdogs, South Korea, upset Uruguay 2-1 and Poland beat European champions Scotland 1-0 to march through to the semi-finals of the world youth soccer cup.

Beth Hatefutsoth
The Nahum Goldmann Museum of the Jewish Diaspora

Screening of the film:
"BYE BYE BRAVERMAN"

A day in the lives of a group of Jewish intellectuals who attend the funeral of their friend in Brooklyn, and reminisce about their past (in cooperation with the Association of Americans and Canadians in Israel).

Introductory lecture: Dr. ROBERT ROCKAWAY
Director: SIDNEY LUMET
Actors: GEORGE SEGAL, JACK WARDEN AND JESSICA WALTER

The film is in English with French and Hebrew subtitles.
Admission IS90 for members of Friends Association, IS120 for non-members.
Tuesday, June 14, 1983 at 8 p.m.
Beth Hatefutsoth is located on the campus of Tel Aviv University (gate 2), Klausner Street, Ramat Aviv. Tel. 03-4251.
Buses: 13, 24, 25, 27, 45, 49, 74, 274, 572.

Missile Math

Major News

In Summary

Mrs. Thatcher's Battle of Britain Is No Contest

Thanks largely to the ineptness of the opposition and the peculiarities of the British electoral system, Margaret Thatcher's Conservative Party won so big in Britain last week that historical comparisons were in order: the greatest sweep since Labor's Clement Attlee ousted Winston Churchill in 1945, the worst Labor defeat since 1922, the first Prime Minister since Lord Salisbury in 1900 to win two straight elections with margins big enough to guarantee full five-year terms.

In the popular vote, the Tories did not do as well as 1979. Their 42 percent was down about a point. But the winner-take-all, single-seat constituency system gave them 397 seats in the 650-seat House of Commons and increased their majority from 33 to 144 over the combined opposition. Labor, with 28 percent of the popular vote — and 208 seats — lost almost seven points because of defections to the Social Democrats and a radical-sounding platform that turned off many voters. Most of the defectors did well, as did the Liberals, but the Alliance's popular vote (25.8 percent) was spread so widely that it could win only 23 seats, or less than 4 percent of the House.

In a campaign marked by more mudslinging than usual, Labor leader Michael Foot and his deputy, Denis Healey, survived "Maggie's Massacre," as The Sun put it, and retained their seats. But the political future of Mr. Foot was not bright. He and Mr. Healey were bitter about the split in their party's ranks that had led to the Alliance as a strong third contender and had, in Mr. Healey's words, "put the people of this country at the mercy of the most reactionary, right-wing, extremist government in all of British history."

But Mrs. Thatcher assured everyone her victory would not prompt her to impose extremist policies. "I am not an extreme person," she said. In the new cabinet she unveiled yesterday, two prominent moderates, Francis Pym and William Whitelaw, were out. Replacing Mr. Pym as Foreign Secretary was Sir Geoffrey Howe, who moved from the treasury. Mr. Whitelaw, Mrs. Thatcher's deputy in the first cabinet, was given an hereditary peerage, the first in 19 years, and made the Government's leader in the House of Lords.

President Reagan was so delighted with the victory of someone he deems an ideological ally that he telephoned his congratulations, adding an offer to make Mrs. Thatcher his campaign manager if he needs one next year. (Mrs. Thatcher and the welfare state, page 2.)

Looks Like a Long Lebanon Summer

Blocked on the ground in his contest for control of demoralized Palestinian troops who have routinized in Lebanon's Bekaa district, Yasir Arafat last week sought support and solace on a flying tour of Arab and third world capitals.

By all accounts, he narrowly missed meeting his arch-enemy, the Libyan leader Muammar el-Qaddafi, in North Yemen. That country's President, Ali Abdullah Saleh, said Libyan and Palestine Liberation Organization officials had agreed to a cease-fire in their war of mutual ex-ecoration. Colonel Qaddafi, who has often professed support for Arab unity while stirring dissension, did visit with two other Arab adversaries, King Fahd of Saudi Arabia and King Hussein of Jordan, before going to Syria to meet a friend, President Hafez al-Assad.

But despite the supposed agreement between Libyans and Palestinians, Arafat aides reported truckloads of Libyan weapons still supplying the mutineers in the Bekaa. The rebels reportedly were demanding elections to choose new leaders to share power with Mr. Arafat, whom they accuse of planning a further withdrawal from Lebanon. Far from withdrawing, said Khalil al-Wazir, an Arafat deputy, Palestinian reinforcements would be returning to Lebanon soon from the Arab countries that took them in after last year's forced withdrawal from Beirut.

Withdrawal was also ruled out in Jerusalem, where the Parliament rejected a Labor Party proposal to pull Israeli troops back from the Bekaa and redeploy them in southern Lebanon. Defense Minister Moshe Arens said Israel could not withdraw until Syrian and Palestinian troops in Lebanon also pulled back. Shimon Peres, the Labor leader, had argued that a pullback would reduce the danger of new fighting with Syria and minimize casualties. However, three Israelis patrolling southern Lebanon were killed last week in an ambush less than 20 miles north of the border.

In a separate incident, two other Is-

raelis began work on a budget resolution for fiscal 1984.

Senator Pete V. Domenici, the New Mexico Republican who heads the Senate Budget Committee, declared that without agreement there would be "fiscal anarchy." But President Reagan has already declared the House's \$381.1 billion budget and the Senate's \$360.1 billion version too thickly marbled with fat and that he would veto overly generous spending bills that came his way. So it seemed unlikely that a compromise would mean smoother legislative sailing in any case. Senator Howard H. Baker Jr., the majority leader, pegged the conferees' prospects for success at "less than 50-50" and House Speaker Thomas P. O'Neill Jr. said that sounded about right to him, too.

Nonetheless, by the end of the week House and Senate negotiators had cut a few preliminary deals. They decided to allot the Pentagon an increase of 5 percent, half what Mr. Reagan asked for initially. And veto threats or no, the conferees approved \$2.2 billion more for domestic programs than the Administration recommended. Among the unsettled issues was the little matter of taxes. The budget approved by the House calls for a \$30 billion increase in 1984; the Senate passed a \$8 billion increase.

There was plenty of taxing talk outside the conference room. Speaker O'Neill proposed limiting to \$700 the benefits that upper-income Americans would receive under the third tax cut that's due to take effect July 1. Mr. Reagan has vowed repeatedly to veto any meddling with the reductions and, at a subsequent caucus, many House Democrats seemed reluctant to force the issue. Speculating that Republican candidates might put a Democratically inspired take-away to full advantage in the 1984 campaign, Representative Dan Rostenkowski, the Illinois Democrat who heads the Ways and Means Committee, urged caution. "We've gotten rolled before on this," he said, recalling the President's past successes with pocketbook issues. (The Administration's economic policy makers, page 4)

Indian Point Gets a Break

A month after the Nuclear Regulatory Commission laid down the law at Indian Point, the agency seemed to turn the law on its ear, at least in the minds of some critics. Acknowledging that plans to evacuate nearly 300,000 persons living near the Westchester reactor were still flawed — the deficiency that prompted the May 5 threat to close the facility — the N.R.C. nevertheless decided last week to let the plants remain open because steps had been taken toward improvement.

The 3 to 2 decision, one N.R.C. commissioner complained, made "a mockery of our emergency-planning regulations." That was echoed by Elynn R. Weiss, general counsel of the Union of Concerned Scientists, which asked the N.R.C. to close the complex in 1979. "There will never be a more clear-cut case for enforcing the rules," she said. "None of the commissioners even argued that there is preparation today or will be in the future." But Norman J. Palladino, the chairman, said he voted with the majority because "the necessary commitments have been made." Mr. Palladino added that he hoped a drill to test emergency preparations at the plants, which are 35 north of midtown Manhattan, would be held as soon as possible.

The commission, which had three times put Indian Point and its operators — Consolidated Edison and the New York Power Authority — on notice, delivered its ultimatum after a Federal Emergency Management Agency report labeled a March emergency drill a failure. Among the major problems were the questionable availability of Westchester bus drivers and the refusal of officials in nearby Rockland County to participate. In the last few weeks, officials from Westchester and the utilities have leased buses and begun training programs for drivers. Governor Cuomo, meanwhile, has arranged for state workers and utility employees to fill in across the Hudson in Rockland. The activity led the emergency management agency, in a report forwarded to the commission a day before its vote, to conclude that "substantial progress" had been made to resolve the shortcomings.

The decision spares consumers in Westchester and New York City higher electric bills, at least for now. Another beneficiary may be the Long Island Lighting Company, which last week applied for a permit to begin low-power tests of its nearly completed nuclear plant at Shoreham. Lilo submitted an emergency plan similar to the one proposed by Mr. Cuomo after Suffolk officials, contending an evacuation was impossible, took a position similar to Rockland's and refused to approve one.



Israeli Labor leader Shimon Peres speaking in Parliament last week.

raelis were killed when a remote-controlled bomb exploded near their armored vehicle as it patrolled the edges of Beirut. And yesterday, Israeli soldiers apparently escaped injury when a car bomb went off near one of their checkpoints south of Beirut. With last week's fatalities, almost 300 soldiers have died in Lebanon since the invasion a year ago.

The Heavy Odds Against a Budget

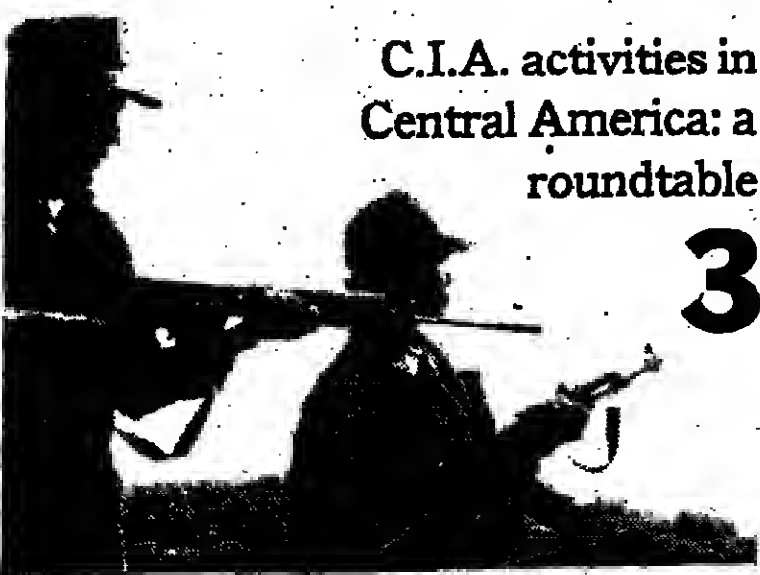
Optimists in Washington were nearly as rare as atheists in foxholes last week as Congressional conferees

Religion and politics converge with papal visit

2

C.I.A. activities in Central America: a roundtable

3



Anti-Sandinist guerrillas in northern Nicaragua.

Target Of 'Flexibility' Is Congress, Not the Kremlin

By LESLIE H. GELB

WASHINGTON
AMID much fanfare last week, President Reagan announced that he was altering his proposal to the Soviet Union in the strategic arms reductions talks and dangled promises of continuing flexibility. But when the noise died down, the situation looked like this: He had made the minimum necessary changes in his negotiating approach to capture a Congressional majority for the new MX missile, but not nearly enough to achieve a breakthrough in the talks that resumed in Geneva on Wednesday.

In fact, the only concrete decision officials said he took in an hour-long National Security Council meeting was to raise the proposed ceiling of long-range ballistic missiles on each side from 850 to about 1,200. Every other element of his original proposal still stands, according to Administration officials, and these basics — the demands for sharp cuts in missile warheads and in large Soviet land-based missiles — remain the major stumbling blocks to agreement, as Moscow's reaction confirmed. Tass, the Soviet press agency, described the revised proposals as "mere words" which were "directed at gaining military superiority and pressing the Soviet Union into unilateral disarmament."

Nevertheless, the mood music from Washington and Moscow was less downbeat than it has been recently. Mr. Reagan went out of his way to stress that practically nothing was set in concrete. He said that Moscow was "largely," but not wholly, to blame for the lack of progress. Congressional skeptics, who were backing him, grasped the theme of flexibility as a way of holding Mr. Reagan to his pledge. Meanwhile, Soviet leader Yuri V. Andropov had said through the veteran American diplomat W. Averell Harriman that he wanted better relations with Washington, and Moscow picked up on Mr. Reagan's emphasis on the need for "deep cuts" in nuclear forces.

The first step for the Reagan team was to ensure that Congress would not undercut his bargaining position by refusing to back the MX. Getting the necessary Congressional support meant accepting the proposals of his Commission on Strategic Forces, the group headed by retired Lieut. Gen. Brent Scowcroft. The deal was that a number of Democratic legislators would vote for the MX if Mr. Reagan committed himself to building a new small missile with a single warhead, known as Midgetman, and adjusted the strategic arms talks position accordingly. This entailed raising the proposed ceiling on missiles to accommodate the additional Midgetmen, thus in theory opening the door for Moscow to march in the same direction toward reducing the number of powerful land-based missiles with multiple warheads.

The raising of the proposed missile limit from 850 to about 1,200 was also a conciliatory step toward Moscow. The Soviet proposal calls for a ceiling of 1,500 missiles and long-range bombers for each side, of which 1,450 would be missiles. Thus, the gap in proposed allowable missiles was closed to 250 at most. As of now, the United States has about 1,000 such missiles and the Soviet Union 2,350.

Land-Based Missiles an Issue

But there was less here than met the eye. Administration officials made known that the President would retain his limit on proposed missile warheads of 5,000, of which no more than 2,500 could be on land-based missiles. Since the Soviets have almost 6,000 warheads on land-based missiles (as compared with 1,500 submarine-launched warheads), this would still require them to destroy more than half of their best forces. On top of that, the officials said that Mr. Reagan was still insisting that Moscow reduce its force of about 600 heavy and medium heavy missiles such as the SS-18 to no more than 216. Furthermore, he was still refusing to set limits on the 3,000-odd cruise missiles to be carried by American bombers or to bargain away the MX.

Even if Mr. Reagan proves flexible on these key issues, Moscow continues to insist that its entire position in the so-called Start talks is dependent on Washington's agreeing not to deploy any new medium-range ground-launched cruise missiles and Pershing II missiles in Europe. In other words, no deal without accepting the essential Soviet demand in the medium-range missile talks, which are being conducted separately.

Moscow's Priority

The main Soviet priority all along has been to prevent the deployment of the new 572 medium-range missiles and thus to hold agreement in the strategic arms hostage to prior accord in the medium-range arena. As a prelude to his visit to Moscow next month, Chancellor Helmut Kohl of West Germany backed Washington last week by warning the Kremlin not to try to intimidate his country into not deploying the missiles. But he, like other Western European leaders, would like to see an accord.

As if such matters were not complicated enough, The Boston Globe reported last week that Richard Perle, the Assistant Secretary of Defense for arms policy, had privately told reporters that he thought it was a mistake to pledge deployment of the medium-range missiles in the first place. Nonetheless, he insisted that American credibility required the deployments to proceed.

Talks in this arena are also under way in Geneva, and the deployments are set to begin in December. Administration officials continue to say that once the deployments begin, Moscow will move toward the American proposal for an equal level of missiles on both sides of about 300. But Soviet thinking seems focused on the broader political situation in the United States. Moscow knows that an arms control pact would help Mr. Reagan politically, and Soviet officials would prefer not to have him around for a second term. But if in six months or a year Mr. Reagan's re-election appears assured, then the logic might break with Moscow moving before Mr. Reagan's hand was strengthened in a second term.

That is far away, and the President's men acknowledge that he has to maintain credibility and support at home in the meantime. Mr. Reagan's technique for doing this in recent months has been to establish bipartisan commissions in areas such as Social Security and the MX missile and strategic forces. He announced last week that he was extending the life of this last group, the Scowcroft Commission, to deal with arms control and strategic arms.

This was very important to legislators who have taken political risks to back him on the MX and who have heard past promises about flexibility. Many of them continued to wonder privately whether Mr. Reagan was now serious about arms control and had the will and skill to produce agreements or whether he was simply serious about appearing to be serious. At any rate, Mr. Reagan has bought time.

Developing
the
solutions

Worldwide

With over 455 branches and offices of which over 72 are located overseas

New York	London	Zurich	Punta del Este	Caracas
Los Angeles	Leeds	Geneva	Buenos Aires	Curacao
Encino	Paris	Frankfurt/M	Sao Paulo	Bahamas
Miami	Marseille	Milan	Santiago	Johannesburg
Chicago	Strasbourg	Brussels	Mexico City	Hong Kong
Philadelphia	Nice	Antwerp	Panama City	Manila
Toronto		Montevideo	Cayman Islands	

bank leumi le-israel בנק לאומי

The World

General Sounds Cautionary Note On El Salvador

A lot of people fear that the errors of Vietnam could be repeated in Central America. It may matter that one of them is Gen. Edward C. Meyer, the Army Chief of Staff. The general said last week it would be wrong to send combat troops "without the support of the American people" to a country — El Salvador — which "isn't fully committed to the resolution of its internal problem."

He told reporters that his views reflected those of the other members of the Joint Chiefs of Staff. General Meyer, who is retiring next week, described "a crying need" for coherent programs in Central America and said economic aid, bottled up in Congress, is "critical because guerrilla war is based on the legitimate concerns of the people."

A long-heralded campaign to meet those concerns in El Salvador as well as to bring the guerrillas to heel was launched last week by some 4,500 Government troops in the major provinces of San Vicente and Usulután. The military sweep is to be followed by a program to build schools, repair roads and improve other social services.

On Honduras, General Meyer said the Pentagon had construction of six new airfields under consideration. And the Honduran military chief, Gen. Gustavo Alvarez Martinez, told The New York Times that a "minimum" of \$400 million in military aid would be needed over three years to deter "direct aggression by Nicaragua" and "the possibility of internal subversion," also sponsored by Managua. The Administration had requested \$37 million in security aid for Honduras this year.

Show Goes On Without Qaddafi

Col. Muammar el-Qaddafi arrived in Addis Ababa with éclat and left shortly afterward in a puff, his 10 months of efforts to preside over the Organization of African Unity in ruins. After two postponements had put the very existence of the O.A.U. in danger, an accord allowed a summit meeting to convene last week in the Ethiopian capital. But it was chaired by Mengistu Haile Mariam of Ethiopia, the host country, not by Colonel Qaddafi.

The election of Mr. Mengistu was the second serious blow to the flamboyant Libyan leader's dignity — and international standing. Ever since



Mengistu Haile Mariam at the O.A.U. meeting last week.

the admission of the Polisario guerrilla front as the 51st member last year, the organization has been hung over a 19-nation boycott led by Morocco. The Moroccans claim the western Saharan territory; so does the Polisario supported by Libya and Algeria, among others. Last August the O.A.U. tried to meet in Tripoli, the Libyan capital, but the Moroccan opposition to the Polisario prevented it. The impasse had the added effect of preventing Colonel Qaddafi from assuming the chairmanship, as the host normally does. He was again frustrated in November when another effort to convene in Tripoli failed because of disagreement over who was to represent Chad.

Under pressure from black countries south of the Sahara, which saw the O.A.U. going down the drain for reasons alien to them, the Polisario agreed last week to relinquish its seat "voluntarily and temporarily" in the interest of African unity. "The group of Morocco has succeeded," Libyan Foreign Minister Abdel Ati Obeidi acknowledged. But the colonel's combative spirit seemed to linger: O.A.U. Secretary General Edem Kodjo called on members to develop nuclear weapons to match those he said South Africa had built.

The Penalty of 'Disobedience'

"There have been strange and unpleasant happenings in Malawi," an editorial in The Times of London said last week. Few outside the land-

locked African nation of six million people know exactly what is going on but it seems clear that President for Life Hastings K. Banda is doing what he can to prevent any unnatural shortening of his term of office.

Dr. Banda, who studied political science and medicine in the United States and Scotland, is reported to value obedience and discipline as the highest qualities of citizenship. Among those who have not measured up, according to exiles in neighboring Zimbabwe, are two opposition leaders who are under a sentence of hanging, 10 others who have been shot, close to 60 army officers who are missing and presumed dead and two Cabinet ministers who have fled to Zimbabwe. The Zimbabwe Government denied that any Malawi Cabinet ministers were in its territory where, in March, another Malawi opposition leader was assassinated.

Dr. Banda rules a lush land that is usually able to feed itself while so many others in Africa go hungry. Now believed to be in his late seventies, he was reported to have decided to take a year's rest on doctors' orders and to have even designated a replacement, John Tembo, who runs the central bank, to be confirmed in an election later this month. But this set off a power struggle. The President is reported to have had second thoughts and to have announced that he was "the only legitimate leader."

No Mail In, No Jews Out

One of the West's most aggrieved accusations against the Kremlin has been that it severely limits the emigration of disaffected Jews, in the past principally to Israel. Not at all, the Soviet Union said last week. An official Anti-Zionist Committee formed six weeks ago reported that emigration had stopped because most of the nearly 3 million Soviet Jews who wanted to leave had left.

Western experts were skeptical, to say the least. A first requirement for emigration applicants is a written invitation from a sponsor abroad. The New York-based National Conference on Soviet Jewry said that as of late 1979, at least 300,000 Jews had asked relatives abroad for such invitations. But, according to Jerry Goodman, executive director of the National Conference, only about 33,000 Jews were allowed out from 1980 through 1982.

Representative Benjamin A. Gilman of New York said a year's investigation by a panel of the House Post Office and Civil Service Committee indicated that the Soviet authorities were stopping letters to Soviet Jews containing invitations. The mail has been returned marked "addressee unknown," Mr. Gilman said. "The assumption is that this is a deliberate Soviet policy to break the will and spirit of Soviet Jewry." The head of the Anti-Zionist Committee, Samuil L. Zivis, brandished letters at a Moscow news conference he said had been forwarded to him by Soviet Jews who had not asked for the invitations they contained. Mr. Zivis dismissed assertions that thousands of Jews still wanted out as a "juggling of figures by Zionist propaganda."

Poorer Nations Make Their Pitch

Third world leaders last week warned that the industrial nations' budding economic recovery could falter if developing countries were left behind. Not in worry, said Gordon Streeb, the American chief delegate at the 166-country United Nations Conference on Trade and Development in Belgrade. Recovery in the West, he suggested, would carry the rest of the world along, too.

The United States and the Western Europeans rebuffed third world appeals for at least \$85 billion in new aid, new loans and easier payments on \$600 billion of existing debts and for action to resuscitate commodity prices. Mr. Streeb, a Deputy Secretary of State, argued that hard times were just a blip in the business cycle.

But India's Prime Minister Indira Gandhi insisted that "no sustained revival in the North is possible without the development of the South." Third world economies have been shrinking; even in the industrial countries, annual growth is expected to hover around an uninspiring 3 percent for the next two years. Chastened developing countries had softened their attacks on the West as world recession deepened; the month-long negotiations that opened in Belgrade last week were expected to determine whether the mood of reconciliation would be sustained.

In a related action in Washington, the Senate approved a \$8.4 billion increase in American contributions to the International Monetary Fund, which oversees austerity-recovery programs in 39 countries. Conservatives had attacked the bill as a "bail-out" for commercial banks. A House committee has recommended attaching a mandate to force the banks to set aside noninterest-bearing reserves to be used when foreign debtors fall behind.

Milt Freudenheim
and Henry Gialger

Tories Support Housing, Health, Pensions and the Dole

The Welfare State Was A Boon to Mrs. Thatcher



Prime Minister Margaret Thatcher shaking hands with well-wishers outside 10 Downing Street after her election victory last week.

By R.W. APPLE JR.

LONDON — The real victor of last week's British general election, some wag commented, was Clement Attlee. For it was Attlee's Labor Government that, starting in 1945, put in place the safety net of welfare benefits without which, it is argued, no Conservative prime minister could have even dreamed of winning re-election with more than three million people unemployed.

There were many other reasons why Margaret Thatcher won a landslide victory, not least her own resolute leadership, the disarray and the extreme platform of the Labor opposition and the inequitable British electoral system, which gave the Conservatives 61 percent of the seats in the House of Commons for 42 percent of the popular vote. But it is unquestionably true that the post-war package of welfare benefits softened the anger of the working people that might otherwise have caused them to give more extensive backing to Labor.

It is often suggested in the United States that the Prime Minister is in the process of dismantling, or intends to dismantle, the welfare state. That is incorrect. At most, she is streamlining it a bit and painting it a different color.

Despite her emphasis on the Victorian values of thrift and self-reliance, despite her visceral dislike of much of what the Attlee Government and its successors have wrought, Mrs. Thatcher is far too clever a politician to embark on the kind of right-wing crusade against welfare chiselers and

over-generous benefits that President Reagan indulges in. Not once did she suggest during her first administration or during her campaign that the dole, as unemployment compensation is euphemistically known here, should be limited or redefined, although many recipients of dole payments are known to have hidden, part-time jobs in the "black economy." The consensus is too strong across class lines that those without jobs should be taken care of.

Nor has Mrs. Thatcher ever suggested that state pensions should be cut back. The Tory manifesto promised to maintain the link to inflation, so that retired people can maintain their standards.

The Labor opposition attempted to demonstrate, with the help of leaked cabinet documents, that the Prime Minister intended to do away with the National Health Service, this country's system of socialized medicine. It was unable to make the charge stick. She pledged that she would increase its funding during the next five years, and she was able to point to figures showing that she had done so during the last four. But she undoubtedly would like to increase the scope for private medical insurance plans and to make other changes that would improve the service's efficiency. It has an outstanding record as far as major medical care is concerned, but it is so overburdened that "minor" operations and preventive medicine are not so well attended to.

Of all the provisions of the welfare state, housing is the area in which Mrs. Thatcher has made the most far-reaching change and the one from which she has derived the most electoral benefit.

Her program for selling council houses — apartments in public housing projects — was cited repeatedly during the campaign by working class voters as a reason for switching from Labor to the Tories. She intends to extend it, to the fury of Labor, which argues that the best houses will be taken by those who can afford them (although 100 percent mortgages are available in many cases), leaving the worst for the poorest people.

Part of the problem in comparing Mrs. Thatcher's domestic policies with those of Mr. Reagan is that the whole spectrum of British politics stands to the left of that in the United States. There is no one in a senior position in the Democratic party whose views correspond to those of Neil Kinnock, the young Welshman who may be the next leader of the Labor party, and he is well to the right of his party's extremists. The Conservative moderates or "wets" correspond most closely with mainstream Democrats such as former Vice President Walter F. Mondale.

But the British public is not unlike the American public in its suspicion of socialism, if by socialism one means the public control of the "commanding heights" of industrial production. The average British voter long ago accepted as essentially correct the social thrust of Labor party policy as embodied in the welfare state, but he or she is far more skeptical about the virtues of nationalized industries. Mrs. Thatcher's hopes of selling off those she can return to profitability — British Airways is one such target — appear to have lost her relatively few votes during this year's campaign.

Indeed, the issues in this campaign, to the degree that it focused on these and not on images and personalities, were mostly those involving the faltering domestic economy — inflation and unemployment — and foreign policy, such as nuclear weapons and Common Market membership.

Labor's Self-Questioning

The most telling criticism made by Michael Foot and Denis Healey, the Labor leader and his deputy, was that by accepting massive unemployment as the price of controlling inflation, Mrs. Thatcher was not only crippling British industry but frittering away the revenues from Britain's North Sea oil fields, which will begin to decline during her second year in office. They insisted that the money should be used to create jobs; she countered that the only way to create real jobs was to control inflation and boost productivity.

But that argument, however crucial it may be in the long run to the provision of adequate funding for the social services and for education, is not really an argument about the merits of socialism but about the management of the economy.

The next year will almost certainly see a renewal of the long debate within the Labor Party about whether it is a revolutionary or a reforming organization. Although the squabbles during the campaign obscured the details, this year's party manifesto went further in the direction favored by the left wing, headed by Tony Benn, than any in recent memory. It, and the party, failed to convince the voters. Mr. Benn, in fact, lost the seat he had held for 33 years.

Now the question will be whether Labor chooses to talk to its dwindling band of predominantly radical rank-and-file members or decides instead to move to the right in order to appeal to the mass of uncommitted voters it needs to win elections. Will it abandon, for example, the idea of further nationalization? Many think it should do so, and concentrate its efforts on strengthening the social welfare systems that are its principal contribution to modern Britain.

Religion, Politics and History Converge With the Pope's Visit

Rosary Beads on Lenin Shipyard Fences

By JOHN KIFNER

WARSAW — "The idea of cooperation between Marxists and Christians to improve society," Poland's Communist Party newspaper Tribuna Ludu wrote last week, "dates back to the Communist Manifesto."

While this concept would doubtless give considerable pause to the revolutionary who called religion "the opium of the people," it is perhaps symbolic of the confused and frequently contradictory state of affairs on the eve of the return of Pope John Paul II this week to his native land.

The Polish Communist Party has been preserved, although in an emaciated and somewhat discredited form, by a military junta that relied on the princes of the Roman Catholic Church to persuade the workers not to unite too much for fear the country's main ally, the Soviet Union, would invade. Yet it is the church that holds the allegiance of the vast majority, largely because it is seen as the embodiment and guardian of the Polish nation, a sentiment that historically includes considerable anti-Russian feeling.

The entrance of the chapel that holds Poland's most revered icon, the Black Madonna of Czestochowa, a focal point of the Pope's visit, is also a shrine to Polish nationalism. The legend-shrouded painting is acclaimed "Queen of Poland," and venerated as Protector of the Nation since the Jasna Gora monastery withstood a siege of Swedish Protestants in 1655. Plaques along the wall honor patriots, including the home army, the non-Communist resistance fighters of World War II.

In the most prominent place is a huge brass marker, usually decked with offerings of flowers, with the once-familiar, now-forbidden script that looks like a crowd carrying a flag: "Solidarnosc." It is the intertwining of the church and the outlawed independent trade union, Solidarity, that makes the Pope's visit politically poignant. Solidarity strikers decorated the fences of the Lenin shipyard with pictures of the Black Madonna and rosary beads. The religious motif underlines the continued resistance to the Government; one symbol is the floral cross in the alcove of St. Anne's Church in Warsaw. And photographs of the Pope meeting with Lech Walesa and other Solidarity leaders still hang in the Knight's Hall of the monastery.

The church has emerged from the last three years of turmoil with the greatest gains. With Solidarity repressed, the Government ruling by force, and alternatives lacking, the church has endured as the essential power broker. One measure of its strength is the 686 Catholic churches and other religious buildings currently under construction in this Communist land.

But the church's political role is difficult. It is caught between the emotions of many of its parishioners and clergymen and what it has historically viewed as the most important duty of Catholicism in Eastern Europe — survival. The Primate, Jozef Cardinal Glemp, has balanced his calls for calm with appeals for amnesty for politi-



Cross with Solidarity banner carried by pilgrim outside chapel of Black Madonna in Czestochowa.

cal prisoners and the right of working men to organize. But he has been criticized even by some of his own priests, which would have been unthinkable during the autocratic rule of his predecessor, Stefan Cardinal Wyszynski, remembered now as having defied the Communists. The trouble with the church today, one Government insider grumbled privately, is that you can't make a deal and have it stick; as soon as the Cardinal says something, some other bunch of priests or bishops oppose it.

The Government of Gen. Wojciech Jaruzelski hopes for several gains from the eight-day papal visit. Most important, diplomats here believe, is the hope that the Pope's appearance will confer legitimacy on the authorities, both to their own people and abroad. It is seen as a move toward breaking out of the international isolation Poland has endured since the imposition of martial law on Dec. 13, 1981, and the easing of the embargo imposed by the United States and other Western countries. "The trip by the head of the Vatican state and the church will make the continuation of this unfriendly policy toward Poland considerably more difficult," Adam Lopatka, the Minister of Religion and Atheism, told the weekly Polityka.

The V and the Cross

But there are risks, too. Almost any church gathering these days has the potential for turning into an anti-Government rally. Indeed, the patriotic and religious hymns so frequently sung are songs of defiance of an oppressed nation. "What the alien power took from us, with force we shall regain," runs the national anthem, which begins "March, march Dabrowski," referring to an émigré general who fought the Russians under Napoleon. The risk is greater after the events of last month, which sharply changed the political scene. Several religious ceremonies, notably the funeral of a youth who died after being held by the police, turned into a resurgence of Solidarity demonstrations. Thus, while the church is stressing the religious nature of the papal visit, there is the potential embarrassment of television screens being filled with a sea of waving V-signs or red-and-white Solidarity banners.

Perhaps the most touchy question is whether the Pope will meet Mr. Walesa this trip. Church officials have evaded the issue. The prospect makes Government officials wince. Mr. Walesa's mobility was cut back last week when he was denied a holiday from his electrician's job, and two of his aides had their driver's licenses lifted.

While the Pope hardly seems likely to issue a call to revolt, he may be making his point in a more subtle way with the beatification, the first step toward the sainthood, of three Poles during the visit. Brothers Rafal Kalinowski and Adam Chmielowski fought in the 1863 uprising against czarist rule; Mother Urszula Ledochowska organized underground education under Russian rule in the late 19th century, when even the speaking of Polish was forbidden. This will all be remembered when the Poles, as they do, take to brooding on their history.

A ROUNDTABLE: The Battle Over 'Covert' Activities in Central America

Can Congress Keep Secrets and Keep a Rein on the C.I.A.?

Question:

The House Foreign Affairs Committee voted last week to support the House Intelligence Committee bill that would terminate covert activities in Nicaragua. Does Congress have a legitimate role in the conduct and management of covert activities?

Mr. Wallop. It has a role but it ought not to think that it's the President and the executive branch — actions such as the House committee indulged in, where you leave off matters of judgment, of oversight for purely partisan political acts.

Q. There was partisan momentum?

Mr. Wallop. Absolutely. That committee knew from the beginning what was going on and that the requirements they had laid down a year ago were being followed to the T.

Mr. Fowler. I fail to see how the question of a covert activity that is no longer covert can be made a question of partisanship; it is just not fraught with political advantage.

The record was clear. We had an operation in Nicaragua that was exposed by the press, brought to the attention of the world by the coverage given to the contras, who thanked the American people on television for supporting their revolution through the C.I.A. The House committee was saying that we had common ground in the interdiction of arms (for El Salvador) that were coming out of Nicaragua but that to continue covertly, in the light of all evidence to the contrary, should not be done.

Mr. Bader. Covert action is intended to be an extension of foreign policy; you do not want to do anything clandestine that is inconsistent with what you are avowing publicly. The Administration saw fit in April to make a public spectacle of that clandestine activity in Nicaragua by facilitating the press to come into the camps. The uproar in the House came in May, in part because many members were skeptical about whether there was a connection between avowed U.S. policy not to destabilize or destroy the Government and what many thought was actually happening.

Mr. Wallop. It is the political dimension that has damaged the credibility of the House Intelligence Committee. These committees have not, until now, been partisan. There have been large, momentous disagreements within them; but they have been philosophical ones.

Mr. Cline. It tends to discredit the procedures. I support these procedures but always with the reservation that political interests being as paramount as they are in the lives of politicians, if something really difficult came along, the procedure might break down. It has become a political football. Once that happens, I don't see how you can ask the President and the C.I.A. to disclose covert actions in advance.

Mr. Bader. Congress has the obligation and authority to review organization, activities and budget and, through the oversight committees, the right to dispute the President on whether a particular covert activity is right or wrong. It also can vote to take it to the floor and the Senate can decide that such an activity is wrong, information concerning it can be disclosed by the President.

Mr. Cline. The press was supposed to get each house of Congress involved before you turned it out to the press and the public. That's what seems disgraceful about the House action.

Mr. Bader. This has been the first time in six or seven years that there has been a brouhaha of this dimension.

Mr. Cline. Isn't that partly because there haven't been any major controversial covert actions?

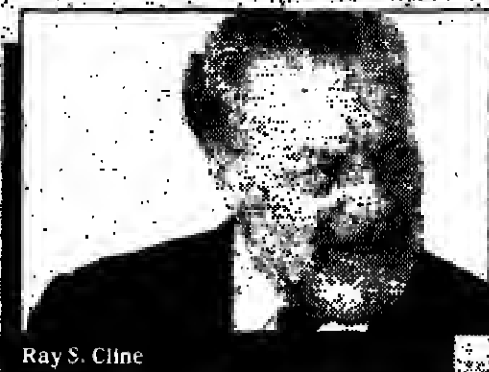
Mr. Wallop. The Boland Amendment said it was not our purpose to overthrow the (Nicaraguan) Government. Indeed, it is not. It may well be the insurgents' and you can see why, when talking to television, they would express their thanks and do anything they could to gain an attraction to their movement among people within that part of the world. But if it still is not our purpose, then the Boland Amendment has been abided by.

Mr. Cline. Wrapping the U.S. flag around these groups is very popular, and usually there's nothing the C.I.A. can do to stop it if you're going to support such movements.

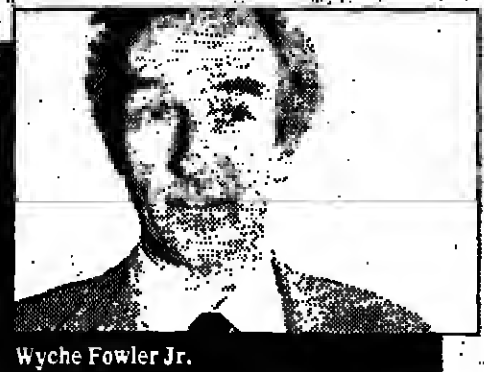
Q. Didn't the President refer to the guerrillas in Nicaragua as freedom fighters?

Mr. Fowler. It's terribly disingenuous to make the argument the Administration has made that because our *menis reo* (intent) is not the same as theirs, that somehow we have clean hands and can disavow (their) publicly declared intentions of trying to overthrow the Sandinista Government.

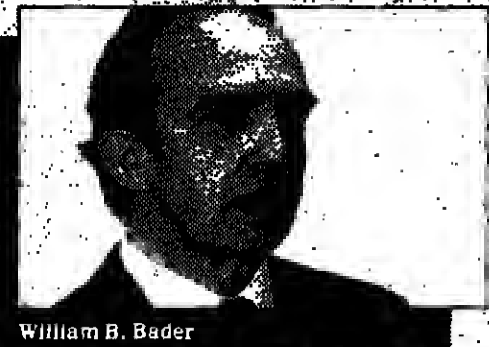
We do have common objectives in Central America — to stop the export of revolution in Nicaragua to El Salvador. But there is no reason we cannot do that overtly, with our hand held high, in conjunction with our friends in the hemisphere who are very worried about the size of the Sandinista army. Our neighbors



Ray S. Cline



Wyche Fowler Jr.



William B. Bader



Malcolm Wallop

Another Vote Against Aiding Nicaragua's Contras

At least eight C.I.A. activities in Central America are an open secret and the subject of wide open debate. Last week, the House Foreign Affairs Committee, dividing 20 to 14, rejected a bill to approve a \$100-million aid package to the Contras in Nicaragua. Instead, the measure would transfer \$10 million to help friendly countries: Honduras, El Salvador, and Costa Rica. The committee is about to vote on the bill by aiding and abetting the spread of Communism, contended Gerald B.H. Solomon, Republican of New York. But Lee H. Hamilton, Democrat of Indiana, argued that covert aid "has not prevented the flow of arms into El Salvador. It has enabled the Sandinistas to rally support."

Adding a new element to the debate, the Sandinistas last week identified a compatriot as a C.I.A. double agent and displayed code books, water-soluble note paper and a bottle of poisoned brandy they claimed had been brewed for Foreign Minister Miguel d'Escoto Brockman; three aides of the

United States Embassy in Managua were accused of having C.I.A. ties and were expelled. "All lies," the embassy replied. In retaliation, Washington closed all six Nicaraguan consulates in the United States and expelled all Nicaraguans; but the Nicaraguan consul-general in New Orleans, Augustin Alfaro, asked for asylum.

To assess Congress's role in overseeing covert activities, *The Week* in Review last week called on two members of the Select Committee on Intelligence and two experienced former officials: Senator Malcolm Wallop, Republican of Wyoming; Representative Wyche Fowler Jr., Democrat of Georgia; Ray S. Cline, senior associate of Georgetown University's Center for Strategic and International Studies and deputy director of the C.I.A. in the Johnson Administration; and William B. Bader, vice president of Stanford Research Institute and a former staff director of the Senate Foreign Relations Committee. Joining them were Philip Taubman of *The New York Times*, Washington bureau and Bill Friedman, a *Review* editor. Excerpts from the discussion follow.

The New York Times / Photo by Bruce

encourage us openly and there is no reason we cannot have a public debate and a national consensus on how best to contain that kind of revolutionary export.

Mr. Wallop. We can't either legally or constitutionally do that overtly because we haven't got a government to support.

Mr. Cline. You'd be declaring war on Nicaragua.

Mr. Wallop. What the House has done is much more likely to create war amongst neighbors. If we overtly say to Honduras and Costa Rica and El Salvador, "We stand by you; your armed services should be engaged in this thing and we'll stand beside you," then you have created the very situation which you all profess to wish to avoid.

Mr. Fowler. The Hondurans can say "no." They don't have to give us land right inside that border (with Nicaragua) as they're doing publicly, to try and get (American) advisers for El Salvador. The Hondurans are not in fear or jeopardy of the Sandinistas and certainly the United States should not be in fear or jeopardy of the Sandinistas.

Q People in the intelligence business say there's too much reporting to Congress, which can't keep secrets. Does the process work?

Mr. Wallop. It can (but) it falls apart when it becomes partisan. One view is that you have oversight to prevent the intelligence community from acting; another is that you have oversight to insure excellence and performance. The intelligence community, frankly, resists that part which requires them to justify performance (and) uses that part which prevents them from going astray, as a sort of security blanket against doing anything.

The proper role of Congress is to do as we do on other committees, oversee. We have the power, ultimately, of the budget and other powers. But we should

be viewing events not so much before the fact as after the fact. I have no quarrel with the idea of being informed (or) with the idea that you might be so alarmed that you would take action to stop something. But once it's taken place according to rules you lay down, you do not become a second-guesser.

Mr. Cline. Covert action is not necessarily secret action. It is in consonance with U.S. security purposes but not attributed to the U.S. When we're trying to influence an election, if the people you're trying to support get tagged as the U.S. stalking horse, they're going to lose. It's action: You see it, things happen, people shoot people, people vote, they do things.

The worst case is when you support militant oppositionists who are trying to overthrow a government. Whether your motives overlap theirs is a difficult metaphysical problem. If you wanted to find a group that would prevent the flow of arms from Nicaragua to El Salvador, you had to get people who were willing to fight with the people who were moving the arms. Congress is capable of understanding that you sometimes support movements with ultimate objectives you're not going to go along with.

Mr. Cline. The President's authority in covert action surely goes back to George Washington as the Commander-in-Chief, not as a legislative partner of Congress. The Congress, if it disagrees, in my view, should go through those procedures that were worked out whereby you end up with cutting off funds but not by taking over a policy decision as the House is trying to do.

Mr. Bader. We have a very effective mechanism. The question is how to make it work well, and it has in most instances. The committees have been discreet.

Mr. Wallop. I don't think that it has worked all that well.

Mr. Bader. Every Congressional and executive commission has called for the establishment of a strong and standing oversight committee.

Q. Shouldn't these committees be monitoring activities to make sure they are not going off in directions that were not anticipated?

Mr. Wallop. I do not mean that we should back off the obligation of oversight. We should use the constitutional tools we have, the power of the purse. It would be

my recommendation to the President that he not take (up) a policy in an area like this if he were certain in his own mind that it was going to fail. Because it is a national failure and in this instance we're on the threshold of a partisan failure.

Mr. Cline. Is the President responsible for everything that Commander Zero (Eden Pastora, a former Sandinista leader) does in Nicaragua, getting some help, admittedly, from the C.I.A.? You are taking sides in a civil war. You're not necessarily taking responsibility for all the...

Mr. Bader. But in fact you are responsible.

Mr. Cline. We can't be responsible for the whole world. That's the whole problem.

Q. Congressman, would your legislation make Congress a codeterminer of covert action, with the executive branch?

Mr. Fowler. It would. If we're going to get in this box, we ought to be in a box together. It amounts to a legislative veto by the two intelligence committees — except in time of war or when national security dictates that the President act swiftly, as in the Iran rescue mission. We ought to make sure that from the beginning we are together on the policy, rather than being informed when something is already in progress, the way it is now.

Mr. Bader. Congress should continue to monitor the way a covert action plays itself out. It could get off the tracks. It could get into the hands of irresponsible individuals. It could develop as the famous Operation MongOOSE (which launched paramilitary attacks against Cuba and sent exploding cigars intended to assassinate Fidel Castro during the Kennedy Administration) in which perhaps a good purpose at the beginning went into bizarre and stupid behavior.

Mr. Wallop. I agree.

Mr. Cline. But preferably do it secretly and confidentially.

Q Are you saying there are things the intelligence community and executive branch must do, which members of Congress must know about and approve or disapprove, but which the public must not know about?

Mr. Wallop. If you're going to have it covert, yes. The public does not know the capabilities of the intelligence community in the world of satellites, in the world of counterintelligence, in the world of operations directorate. There has to be a time in national purpose where there is a reliance upon judgment of the elected office. You are not going to have an intelligence capability that is totally overt. You can forget it.

Q. Are there limits in the real world to what the executive branch may determine is in the national interest and go ahead and do — specifically in overthrowing a government it finds repugnant or dangerous?

Mr. Fowler. Not only legal limits that prevent the overthrow of a government without a declaration of war by Congress, but certainly moral and ethical limits to such unilateral actions.

Mr. Wallop. There are limits and that's what the oversight function is about. My feeling is that this whole world of oversight is fraught with far fewer abuses than it is with incompetence. Most of intelligence is what you determine from the information you gather. The biggest abuse was the underestimation of the Soviet threat during the 60's and early 70's, which caused us to spend billions of dollars on things we didn't need and not to spend other billions on things that we did need.

Mr. Fowler. Covert actions involve many things other than paramilitary operations — in the economics sphere, the propaganda sphere, the media — that have had very broad support, even though they are extraordinary actions. But paramilitary operations, historically, have been almost impossible to conceal and, in a highly technological society, when discovered are impossible to deny.

Mr. Bader. One of the basic objectives of oversight is this difficult problem of trying to reconcile the goals of an open society with the demands of secrecy, which you need in certain aspects of your national security and foreign policy. Oversight is a way of doing it.

Mr. Cline. It's a very technical, difficult field, and I would like to see the Congress more supportive.

Mr. Wallop. Frankly, it is a no-win political situation. If we do our jobs well, nobody's going to know a damn thing about it. If we do it badly, everybody will blame us. But the real purpose of all of this is to keep our counsel and fulfill our function within the narrow circle that has been drawn around us.

Q. Do you feel that this special situation with Nicaragua is liable to upset the process and change the system?

Mr. Wallop. I would hope that this is an aberration.

Mr. Cline. If it does, it shows that even a well-articulated system won't stand up to a really controversial policy.

Mr. Bader. It's the most serious challenge to due process in oversight that we have had.

Kashmir Regionalist Victory Last Week Was Another Sign of Gandhi Party's Waning Control

Centrifugal Force at Work in Indian Politics

By WILLIAM K. STEVENS

NEW DELHI — Behind snow-capped Himalayan barriers, the Valley of Kashmir, the geographic and cultural heart of India's northernmost state, has always been set apart. Visitors arriving on domestic flights at the state capital of Srinagar after a short hop over the mountains from New Delhi are asked to show their passports, and Kashmiris traveling in the other direction say that they are "going to India."

After last week's state elections in Kashmir, the psychological and political gulf between Srinagar and New Delhi seems wider, and the force of regional assertiveness stronger. Such forces are already grabbing national unity elsewhere. In the Punjab, militant Sikhs continue to wage an often violent campaign of disruption, aimed at reducing the authority of the central Government over their state. In south India, voters rebelling against what they see as the heavy hand of New Delhi have installed governments appealing to regional pride and based on regional principles.

In Assam, the violence that in February led to the worst carnage in India since 1947 continues to flicker as

the forces of Assamese identity press their cause. On May 31, in West Bengal, the strongly individualistic Bengalis turned back a strong bid by Prime Minister Indira Gandhi's Congress Party, the prime agent of central political control to wrest control of a majority of Bengal's village councils from the Communist Party.

And now Mrs. Gandhi's party has been stopped cold in its effort to establish a political beachhead in Kashmir against the ruling National Conference Party, a regionally-based group whose basic platform is one of Kashmiri pride and of semi-independence within India.

The Congress Party did very well in the predominantly Hindu area in the south, capturing 21 out of 34 seats. But in the more populous, predominantly Moslem Kashmir Valley itself, where the real test was, the Congress could win but one of 42 assembly seats, thereby failing to break the National Conference's over-all hold on the state government. Congress officials charged rigging and demanded a new vote but the result nevertheless seemed a massive rejection of what was widely perceived in the valley as a move by New Delhi to assert greater influence in Kashmir affairs.

In the Indian union in danger? Mrs. Gandhi's campaign rhetoric in recent months would lead one to believe

so. If the union holds together, what will be the nature of the relationship between New Delhi and the states it tries to rule? This is not the first time that such questions have come up in a country of enormous cultural, linguistic and regional diversity, where locally based castes, family and village groupings exercise first claim to loyalty; where identity is often seen in terms of kingdoms and principalities long gone; and where such fierce loyalty attaches to language that India in the 1960's was forced to redraw its state boundaries along linguistic lines.

The Forces for Unity

There are strong forces for unity, too — economic ties, the pervasive, India-wide influence of Hinduism, the growing influence of all things modern everywhere in the land, and the steady advance of English as the unifier of the modern sector. Most of all, the movement to independence, under the leadership of the Congress, has achieved some psychological welding and a commitment to nation-building. But before then, British colonialism, according to one line of thought, laid the basis for an Indian nation by creating a national framework for political unity and for the administration of services.

Many analysts believe that the present-day strains in

the national fabric are simply the result of the Congress's decline as an effective national force. "We are in a kind of institutional vacuum," Rajni Kothari, a political scientist in New Delhi, said. "What you are getting in different degrees is dissatisfaction with, and hostility to, Mrs. Gandhi's Government."

When a regional party takes control of a state government from the Congress, a Gandhi loyalist explained, tensions tend to evaporate as if by magic. When the Congress regains control, as happened when it ousted a Sikh party in Punjab in 1980, confrontation with the center starts again. Many Congress officials acknowledge that the party has gotten out of touch with the public, and that the supply of competent, effective party leaders, who once seemed to spring naturally from the grassroots, has dried up. Mrs. Gandhi's critics say that to meet this situation, she has tried to impose leadership from New Delhi.

With India so large and diverse, critics say, it is probably impossible to control everything from the center. Mr. Kothari suggests that new grassroots leaders are emerging in the far-flung regions, but they are not in the Congress Party or any other nationally based party. What this may lead to, he said, is a fragmented political situation in constant turmoil, where getting and holding power eclipses the task of governing a nation whose prime need is economic development.

"We'll be in a mess," Mr. Kothari said. "But I don't think that India is going to break up. There is great resilience here."

BROADWAY 80

WARNING — The Ministry of Health has determined that smoking is harmful to health



I'm glad I changed

The Nation

Loosening Up Social Security's Disability Fund

Pruning of Social Security's \$18 billion disability payment program was probably overdue — the General Accounting Office once estimated that 20 percent of the recipients weren't entitled. But the political cost of a crackdown that began soon after Inauguration Day had come to outweigh savings, some officials feared. Last week, Health and Human Services Secretary Margaret M. Heckler announced a relaxation of rules that should mean fewer cuts.

Forty-six percent of the 768,000 people whose cases had been reviewed had been ordered stricken from the rolls (which still include 2.6 million disabled workers and 1.3 million family members). Under the revisions, which Mrs. Heckler said would end the "hardships and heartbreaks" — and would cost between \$200 million and \$300 million over the next three years — the official definition of "permanent disability" would be broadened to exempt some 200,000 beneficiaries from reviews. Further, she said, former beneficiaries with mental impairments would be re-examined after new "acceptable standards" are established. But Mrs. Heckler said that otherwise the revisions wouldn't result in restorations because the rest had gotten "a fair hearing through the appeal process." In all, about 86,000 people have had their benefits restored after appeals.

During hearings later in the week, Senator William S. Cohen, the Maine Republican who heads the Senate Governmental Affairs oversight subcommittee, charged that the Social Security Administration had applied unsound pressure on appeals officers who had reversed large numbers of disability cutoffs. Louis B. Hays, the associate commissioner for hearings and appeals, denied the charge but acknowledged that the records of the officers with the highest reversal rates had come under close scrutiny.

Senators Limit Outside Earnings

It didn't sit well with voters when some United States Senators earned more last year from speeches for profit than from speeches for principle. Last week, after six months of uncapped outside income — and uncapped criticism, inside and out — the Senate voted to limit earnings from speeches and articles.

Under a measure that passed by 51 to 41, Senators will be able to keep honorarium income of no more than 30 percent of their \$60,662 salaries. This would limit their maximum income from such sources to about \$18,200. Last year they earned an average of \$24,000 in honorariums, with five Senators earning more than their salaries.

Senator Henry M. Jackson, Democrat of Washington, said the limit was "long past due." Allowing Senators to have unlimited outside income, he added, was "a scandal waiting to happen."

The Senators rejected a proposal

that would have raised their pay to match that of members of the House of Representatives, who get \$9,000 a year more in salary and, under their own 30 percent honorarium limit, may earn about \$21,000 a year outside. But that didn't mean the pay raise issue was dead.

Senator Bob Dole, the Kansas Republican whose honorarium income of \$137,000 was the highest in the Senate last year, was expected to continue fighting for a House-matching pay raise. He'll get the opportunity this week, when the appropriations measure to which the honorarium limit was attached comes up for a final vote.

On Schools, Hard Knocks

The question of Federal responsibility for declining standards in the nation's schools just might generate enough attention on the stump to bring gains in the classroom. But first the political side of the debate will have to be settled, and it began in earnest last week with all the vigor of a schoolyard free-for-all.

In his first major response to Walter F. Mondale's recent attacks on the Administration's "voodoo education" policies, President Reagan went before a Hopkins, Minn., audience to defend his record and seize a bit of high ground for the G.O.P. Emphasizing his position that more Federal spending would not cure education problems, and repeating his call for a system of merit pay for teachers, Mr. Reagan was clearly trying to drive Mr. Mondale into a corner.

Several leading Democrats also see some potential for merit pay — some in Congress announced last week they were forming a panel to examine such plans — but Mr. Mondale's position on it has been vague. The National Educational Association, which has opposed merit pay and criticized the Administration's education spending record, strongly supports the former Vice President's bid for the Presidency.

Mr. Reagan may have scored by raising the principle of merit pay, but he evidently hadn't done his homework on spending. He acknowledged that merit pay programs would boost costs, but had only a sketchy notion of where the money would come from. "No budgeting," he said, "you take care of that."

And in a defense of his record sprinkled with misstatements, he laid himself open to a slew of Democratic thrusts. The strongest of these stemmed from the question of whether the Administration had cut spending for education. The President said, "The truth is we haven't cut any budgets." But the truth was he had, as White House aides conceded to the delight of Democrats.

Jim Wright of Texas, the House Democratic leader, accused the President of "a basic, gross untruth." And Senator Edward M. Kennedy of Massachusetts said Mr. Reagan's was "the most anti-education Administration in modern history."

Michael Wright,
Carlyle C. Douglas
and Caroline Rand Heron

Nuclear Law a Page at a Time

RECENT Supreme Court decisions give the impression that the Court has suddenly discovered nuclear power and doesn't know what to do about it. The decisions wander all around the topic, from the psychological legacy of Three Mile Island to last week's ruling on nuclear waste disposal, without converging on a theme.

The Court's confusion is more apparent than real, however, for the Justices have simply been taking the issue as it comes, case by case, and deciding each with uncharacteristic unanimity.

Only one case has concerned the Atomic Energy Act of 1954, the basic governing document for the peaceful development of nuclear power. The Court ruled in April that while the act gave the Federal Government exclusive control of the safety aspects of nuclear power, it left the states free to regulate the economics of nuclear energy.

Fleshing Out the Law

It was on that basis that the Court unanimously upheld California's moratorium on the construction of new nuclear power plants. In a stunning blow to the industry, the Court said California acted within its legal authority when it decided that nuclear power was an economically unappealing investment for the state's energy future.

Two other cases have involved the National Environmental Policy Act, which requires Federal agencies — this time the Nuclear Regulatory Commission — to consider the environmental effects of their actions.

facts of their actions.

When it enacted the law 14 years ago, Congress left many of the details for the courts to fill in. And they have, through the host of lawsuits the legislation has generated. Thus, though the High Court was interpreting the environmental act in terms of atomic power, it could handle these cases as exactly what they were — garden-variety disputes over administrative law.

The Court ruled unanimously in April that when reviewing the possible start up of Three Mile Island's undamaged reactor — the ruin of the one involved in the 1979 accident near Harrisburg, Pa. — the Nuclear Regulatory Commission properly excluded consideration of the psychological stress on area residents that the re-start might cause. Stress is not an "environmental impact" within the meaning of the act, the Supreme Court said.

Last week the Court held, again unanimously, that as part of nuclear plant licensing decisions, the environmental act did not require the regulatory commission to consider the environmental consequences of nuclear waste disposal. The Court said the commission could treat the issue as a generic one and factor into each licensing procedure an unchallengeable assumption that the disposal problem would be solved.

The assumption, Justice Sandra Day O'Connor wrote, is "within the bounds of reasoned decision making." Whether it is wise policy, she added, is for Congress and "the populace as a whole" to decide.

—LINDA GREENHOUSE

With Big Questions Awaiting Answers, Experts Are Divided



Presidential economic adviser Martin S. Feldstein (left), budget director David A. Stockman and Treasury Secretary Donald T. Regan briefing reporters on the budget earlier this year.

The New York Times/D. Gortez

On Economics, Reagan Relies on 'Automatic Pilot'

By JONATHAN FUERBRINGER

WASHINGTON — The Reagan Administration's leading economic policy advisers, known as the troika, still breakfast once a week in the Treasury Secretary's private dining room. There they discuss the issues of the day, the Federal budget, taxes, monetary policy and the international debt. But for all the trappings of collegiality, it seems clear that there is little agreement or direction among them.

"Economic policy is on automatic pilot right now," a White House aide says. "I'm not sure who is running policy."

The lack of a central, coordinated policy is notable at a time when a number of key decisions face the Administration. For one thing, perhaps the most important economic call of the year — the selection of the next chairman of the Federal Reserve Board — is about to be made. White House officials said last week that the field had been narrowed to Paul A. Volcker, the current chairman, and economist Alan Greenspan. Senator Paul Laxalt of Nevada, a close friend of the President, was said to be taking soundings among fellow conservative Republican senators, testing their reaction to a Volcker reappointment. While support

seemed to be growing for Mr. Volcker because of, among other things, his ability to deal with the problems raised by the massive debts of developing nations, White House aides said no final decision had been made.

The drift in policy so far has little or no effect on the budding economic recovery. All signals still point to a second quarter that is expected to show growth of between 6 percent and 8 percent, meaning that the rebound is far stronger than seemed possible just months ago. The Producer Price Index, which measures prices at the wholesale level, was up 0.3 percent in May, the Government announced last week, only the first jump in the index all year.

It's generally agreed that economic policy is on hold partly because the President's advisers are waiting for decisions from the Senate Budget Committee Room in the Dirksen Senate Office Building, where a conference committee last week began attempting to hammer out a compromise on the fiscal 1984 budget resolution. Still other decisions are being made elsewhere in Washington, at the headquarters of the Federal Reserve Board. The central bank is grappling with what to do about interest rates and the unruly — and too rapid — growth in the money supply.

"The question now is not who is running eco-

nomic policy as what is determining it," said Martin S. Feldstein, the chairman of the President's Council of Economic Advisers. "It is not a people question now; it's what are the factors that are influencing it." He added: "The two basic driving forces are the deficit and monetary policy. And you can't talk about only one of them, you have to talk about both."

The uncertainties about the outcome on Capitol Hill and the path of interest rates have been reflected in the markets. Interest rates, both long- and short-term, are up since the beginning of May, although they dropped slightly Friday. Mr. Feldstein maintains that he is not worried about a small increase in short-term interest rates, but he acknowledges that it will make the recovery a little slower "than it would have been."

It seems clear, however, that automatic pilot won't do for much longer. The budget dispute with Congress probably will add further fuel to the deficit-versus-taxes fight that has raged within the Administration. Election pressures — and in particular concerns about such so-far intractable problems as high unemployment — are likely to further sharpen the differences.

A Taxing Debate

Some of the players have changed with the departure of policy makers identified with both sides, but the lineup of principals will be the same, pitting Mr. Feldstein and David A. Stockman, the director of the Office of Management and Budget, against Treasury Secretary Donald T. Regan and the supply-side economists on his staff.

Treasury officials say that Mr. Regan is dead set against any tax increases this year or next, and that he opposes approving this year the standby or contingency tax increases that were proposed in the President's budget. Mr. Regan is especially opposed to any tax increases without the spending reductions the White House proposed, which no longer seem achievable because of Congress's distaste for domestic cuts.

Mr. Feldstein, however, is still pushing for approval of such contingency taxes this year, contending that projected deficits must be reduced to keep interest rates from rising again and threatening the recovery later this year or next. He has argued in no uncertain terms that reducing future deficits — by means of future tax increases — is imperative. (Appearing on a television talk show this weekend, Mr. Greenspan said he agreed with other economists that taxes will probably go up following the 1984 Presidential election.)

The pending battle is already building steam. Treasury will soon release a study saying that high deficits and rising interest rates are not necessarily connected. Skeptical Administration economists have begun dismissing the study as "the last vestige of supply sideism." Congress may come to no agreement on the budget resolution at all or else settle on a measure that is unacceptable to the President. Mr. Reagan would then be likely to seek spending reductions with votes and the impetus for tax increases, this year or on a contingency basis, would be lost.

This would leave hanging future deficits and keep the direction of economic policy largely where it is now, in the hands of the Federal Reserve and the financial markets.

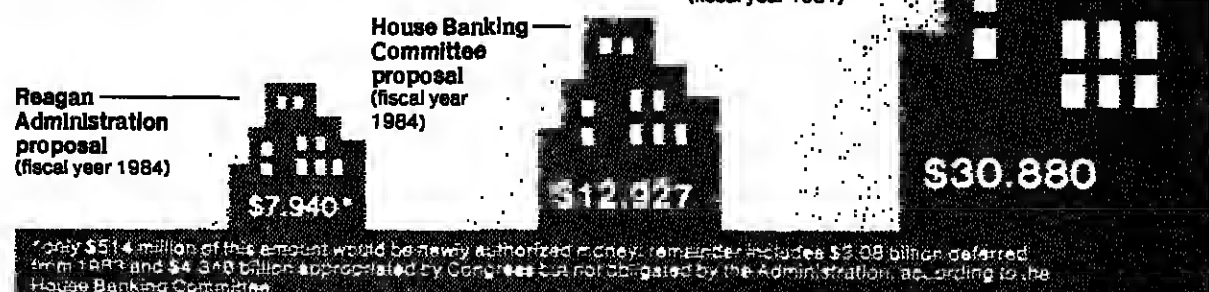
If the recovery continues without a sharp rise in interest rates, concern about red ink could ebb somewhat. But if those who are worrying about the deficits are right and interest rates soar, the outlook for recovery will dim — threatening Republican election prospects next year. Then, as in the last two years, deficits and interest rates could force the President to compromise again on taxes to fight deficits.

Aside From Cost, It Plots Where Both Parties Are Heading

Housing Re-emerges as a Central Issue

Comparison of low-income housing proposals

Budget authority (in billions of dollars)
Source: House Banking Committee



By DAVID SHRIEMAN

WASHINGTON — Congress has had little taste or time for a battle over housing policy in recent years, largely because it was ensnared in budget, immigration, Social Security and regulatory issues. Congress and the White House remain sharply divided over budget matters, but with the 1984 election looming, Washington last week moved deeper into a struggle over the first major housing legislation since 1980.

The measure will present Congress with a fresh opportunity to debate clearly defined differences of political philosophy. The Reagan Administration wishes to apply its free-market ideas on housing to those of lesser means and delegate to state and local governments increased responsibility. Congressional Democrats and some Republicans believe the Federal Government still has a substantial role to play in housing.

"This is more than a housing issue," said Representative Charles E. Schumer, Democrat of New York and a member of the House Subcommittee on Housing and Community Development. "In microcosm, this issue plots where both parties are heading on domestic policy."

In the background, of course, is the question of what effect increased Government spending will have on the Federal budget. Despite widespread concern about budget deficits, members of Congress, prodded by the financial and construction industry lobbies, have given housing legislation a high priority.

Early this spring, the Senate Banking Committee approved a \$17.8 billion housing authorization bill that exceeded President Reagan's request for subsidized housing by about \$7 billion. The House of Representatives voted late last month to appropriate about \$9.6 billion more than the President wanted for the Department of Housing and Urban Development and several independent agencies. The Senate version of that measure, approved by

an Appropriations subcommittee last week, was less generous but still called for spending better than \$4 billion more than Mr. Reagan wanted.

This summer, the House is expected to take up a separate housing authorization bill that, with a price tag of \$23.8 billion, would exceed the President's wishes by more than \$15 billion.

"I am concerned that we're talking about a budget-buster," said Representative Chalmers P. Wylie, Republican of Ohio. "If there is going to be sustained economic growth, we have to reduce Federal spending. These kinds of bills endanger the economic recovery."

Vastly Differing Views

The battle lines are not drawn solely on cost, however. The White House and Congress have vastly different views on how housing should be provided to lower-income citizens. "The Administration wants a heavy emphasis on the private marketplace and is not terribly interested in public housing," said Senator John Tower, the Texas Republican who heads the Senate Banking Subcommittee on Housing.

A major element of the President's approach is to provide low-income households with vouchers that would permit them to shop for housing and to determine how much of their income they wish to devote to shelter. In an appearance before a House subcommittee this year, Samuel R. Pierce Jr., the Secretary of Housing and Urban Development, described the voucher plan, which relies on existing housing rather than new housing, as a "more humane, more socially positive and cost-effective means of meeting the shelter needs of our nation's poor."

Mr. Pierce argues that the voucher concept would help poor people "afford good housing in the broader community; not isolated in projects." But critics note that this presupposes that sufficient adequate housing exists to absorb those low-income families who would otherwise be shel-

tered in new, subsidized buildings.

The plan had received a cool reception on Capitol Hill. The appropriations bill the House passed last month provides for a modest voucher demonstration program, but would provide no money for vouchers. Instead, it would set aside \$1.3 billion for one-time grants to be used by municipalities and developers of new rental property.

The House bill would reduce the rent new tenants pay in subsidized housing from 30 percent of their income to 25 percent, and would provide \$13 billion in new budget authority for 20-year commitments to help low-income households meet their rent obligations.

More important, some supporters of the measure argue, the bill would maintain momentum in Federal housing programs. "It's immensely important to have a housing bill this year," said Representative Henry B. Gonzalez, Democrat of Texas. "Housing shouldn't be the kind of thing you turn off and on like a spigot. For two years we've had absolutely no housing construction for the poor and the people of moderate income. We want a national commitment to provide housing for those with moderate incomes and for the poor. It's something that private industry can't do."

Critics say the Administration's housing program is simply an extension of Mr. Reagan's effort to diminish Government involvement in social issues. "It's the clearest case of the Reagan philosophy," said Representative Barney Frank, Democrat of Massachusetts. "They are interested in nothing but abolishing the Federal role in building housing."

Prospects for a major housing bill are considerably brighter in the Democrat-dominated House than in the Republican-controlled Senate, where some conservatives have threatened to try to kill the measure by smothering it with dozens of amendments.

'Flawed and Untimely'

Senator William L. Armstrong, Republican of Colorado, described the Senate bill as "the most untimely, expensive and flawed legislation I can recall." He said the new spending called for in the measure was "hard to justify in view of the tremendous existing commitment and the prospect of gigantic budget deficits."

Even so, members of Congress of both parties believe that the White House has underestimated Congressional support for subsidized housing. "The Office of Management and Budget would like us to pull down the shades on H.U.D. and close the place down," said Representative Stewart B. McKinney, Republican of Connecticut. "Congress doesn't want to do that."

The New Activists: Big Investors

The institutional shareholder — a shark in the executive suite.

By ANISE C. WALLACE

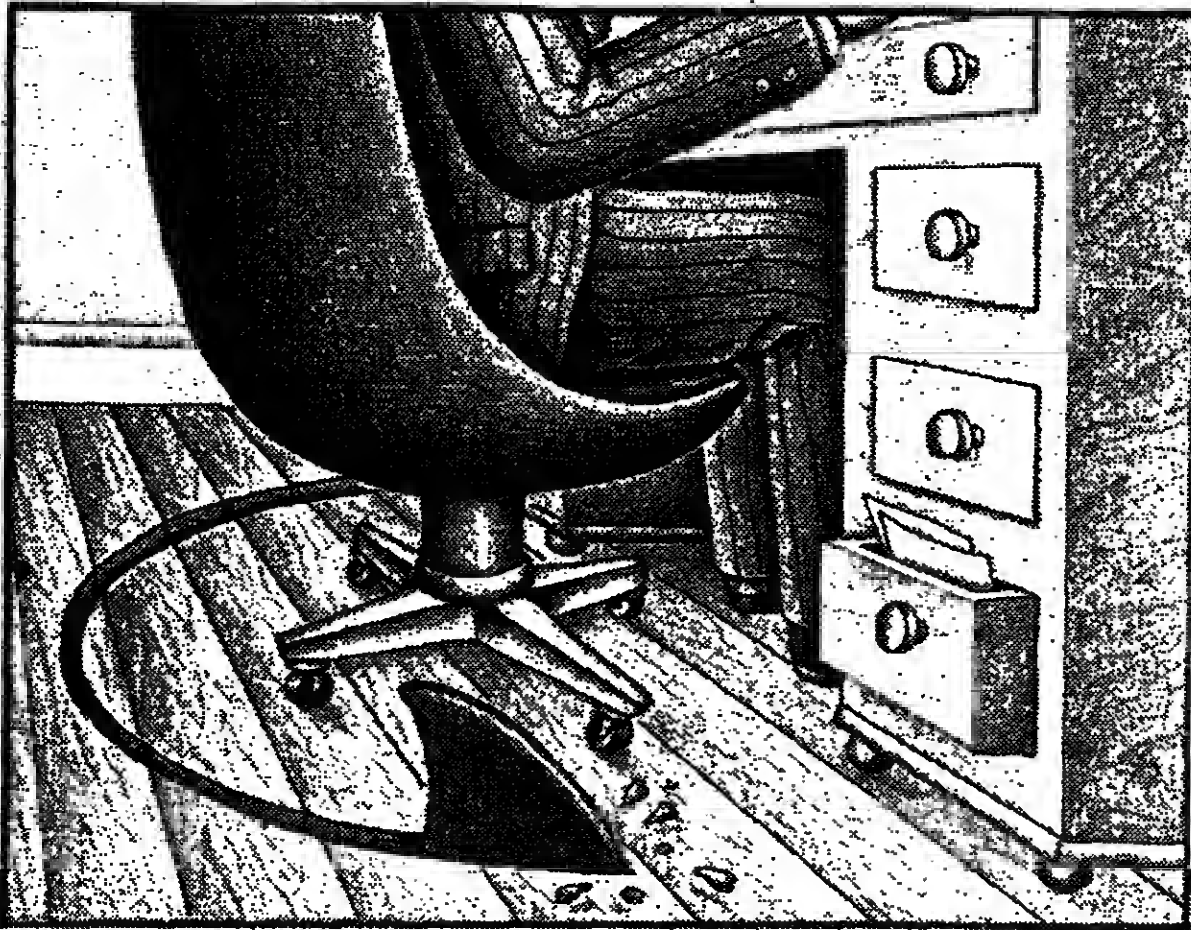
FOR Citibank, it was an awkward situation. The bank's \$20 billion trust department, which held one million shares of Superior Oil for its clients, wanted to vote them against Superior's management in a proxy battle. The hitch was that the oil company was also a customer of the bank, so a vote against management in effect would be a vote against one of the bank's own customers.

But Citibank decided to vote against management anyway, helping to circumvent antitakeover measures that Superior had adopted earlier in the year. Citibank officers felt that the measures were bad for its trust clients and "undemocratic," said the bank's senior vice president and chief investment officer, Peter Vermilye.

The incident is one that is happening, with variations, more and more frequently on and off Wall Street. Institutional investors — which include trust departments, mutual funds, pension funds and independent investment management firms — increasingly are flexing muscles previously unused. They are voting against management and in some cases demanding a greater role in running companies. As one Wall Street investor put it: "The power is there and power doesn't like a vacuum."

Wall Street watchers say this aggressiveness is one of the most important trends in corporate and invest-

Anise C. Wallace writes on finance from New York.



ment management today — one that could have profound implications for management and shareholders alike.

In the 60's and 70's, corporate executives feared each other more than they feared their stockholders, but in the 80's they face disgruntled and aggressive institutions with pockets far deeper than Carl Icahn, the corporate raider, ever had. The challenge for management is to develop weapons for fighting off the new sharks.

While most commentators believe that the trend is healthy in that it sensitizes management to the concerns of shareholders, there is also the obvious

danger that institutional portfolio managers — trained as analysts and not company managers — may misuse their power, influencing a corporation to take actions that are not in its long-term interest.

But whatever the effects, portfolio managers for these institutional investors — which own more than 50 percent of corporate assets — are just beginning to recognize this power. "The investor of the money has the right to have some voice in management," said Harold Ehrlich, chairman of Bernstein-Macaulay Inc., the investment management subsidiary of Shearson/American Express Inc.

Joel Left, a founding partner in the New York firm of Forstmann-Left Associates, which manages \$4 billion in assets for its clients, agrees in theory. But he has not actively pursued this notion on behalf of his clients: "If I loaded up on the stock and thought management was incompetent, I think we have the right to straighten it out and sell it."

SUCH ideas would have been unthinkable a few years ago. Until recently, institutional investors observed what is called the "Wall Street rule": They consistently voted with management. If they did not ap-

prove of management's decisions, they simply sold their stock.

But today's environment is much changed.

First, institutional portfolio managers have become bolder as their clients' pension assets have grown. Today, private pension assets exceed \$750 billion and are expected to grow to \$3 trillion by 1995. As investment firms grew larger, it was not unusual for them, like Citibank, to hold millions of shares of a company's stock.

And second, pension funds, with their focus on short-term performance, have indirectly forced investment managers to become more aggressive with their portfolios. "Frankly, that's what they hire us for," said the head of a Boston firm.

Antitakeover measures such as those adopted by Superior's management have one large strike against them when they come to a vote because portfolio managers can make enormous profits for their clients in takeover situations. Donald C. Carter, president of the Carter Organization, which handled proxy solicitation for the Superior dissidents, said that institutional investors like Citibank voted four to one in favor of the pro-takeover proposal.

While Citibank's vote put it in opposition to one of its own customers, the bank's Mr. Vermilye was clearly proud of the stand. "When trust departments can vote against the bank's depositors and clients, it's cause for celebration," he said.

But the issues in another well-known battle, pitting Odyssey Partners against the Trans World Corporation, were not as black and white. Odyssey, a Trans World shareholder,

proposed to split the airline corporation into five independent units.

While the move was defeated, almost 30 percent of the shares voted were cast in favor of Odyssey's proposal, a show of support that came despite attempts by Trans World to sway institutional investors, which held more than 50 percent of its stock.

Trans World acknowledges that it called on friends, bankers and suppliers to discuss the situation. Two of its largest suppliers, Boeing and Lockheed, have combined pension assets of more than \$6 billion handled by 34 different management firms, many of whose portfolios included Trans World stock.

But Trans World denies exerting any pressure on these investors. It "did not have to twist anybody's arm," said a spokesman for the airline company. "They let them make their own decisions."

"It really was not one of those clear-cut economic issues," said one portfolio manager who held a large block of Trans World stock.

An Odyssey partner, Leon Levy, implied that a number of institutions had promised to vote for his proposal but under pressure from Trans World they either abstained or voted for management. He said that officials at the Morgan Guaranty Trust Company and Forstmann-Left Associates, each of which controlled 9 percent, came under client pressure either to support Trans World or to abstain. Forstmann-Left manages pension assets for Lockheed, and Morgan Guaranty manages assets for both Lockheed and Boeing. Officials at both companies declined to comment.

Aid and Trade Are in the Air at North-South Talks

By PAUL LEWIS

FOR the rest of this month, more than 3,000 delegates from over 160 rich and poor countries will be letting off steam at one another about aid, trade and monetary matters in an immense, orange and green, tent-like building in the banks of the polluted and smoggy Danube.

The occasion is the sixth meeting of the United Nations Conference on Trade and Development, billed as a vast discussion on economic matters between the poor South and the rich North that happens only once every four years.

At trade conference meetings, millions of words are spoken and mountains of paper consumed. The host country makes a killing from so many expense-account visitors — bankrupt Yugoslavia cannily upped its motel rates 60 percent before the conference. But few decisions are made, for in the United Nations system, the conference's authority is limited to the field of raw materials. Still, the talk here will range across a much wider spectrum of economic subjects.

The trade conference's gargantuan, time-consuming meetings also serve as a sounding board for North-South relations. They echo subtle shifts in the way rich and poor countries approach one another, shifts that may find more concrete expression later in other international bodies. Already the debate at Uctad VI, as the meeting is termed, reflects significant changes in each side's perceptions of the world economy.

One of the major shifts, the devel-

oping world is altering its negotiating strategy for dealing with the rich.

Since the first oil price shock, the Group of 77 — the informal body in which the developing countries coordinate their United Nations strategy — has been pressing for a root and branch restructuring of the international financial system set up after World War II. The group wants to create a new international economic order, "biased in favor of the poor and more responsive to their needs."

This grandiose aim and the idea of bringing it about through "global negotiations" among all countries remains the Group of 77's official aim. But it is no longer its top priority. At the conference, the developing world for the first time is emphasizing a specific list of "immediate measures" that it wants industrial countries to agree to, in order to prevent the world's economic ills from worsening.

These include automatic debt relief, an increase in world liquidity through the International Monetary Fund, greater aid and private bank lending to developing nations and freer access for their exports to the markets of the rich.

"We are sharpening the priority we give to specific economic problems," explains Zimbabwe's Minister of Finance and Development, Bernard T. G. Chidzero, himself an old Uctad hand.

This more pragmatic and less confrontational stand by the Group of 77, in part reflects its members' frustration with the meager results of their demands for a radical reshaping of the international economic order.

Far from winning a larger share of the pie, developing countries have found themselves shouldering the

worst of the world recession, with declining growth and a slump in export earnings from raw materials.

As Prime Minister Indira Gandhi of India told the meeting last week, "To the affluent, the crisis means loss of additionality, to the poor a shrinking of the little they have."

But a second reason for the new tone in the South's approach to the North lies in the switch in leadership of the nonaligned "movement" when Mrs. Gandhi succeeded Fidel Castro of Cuba earlier this year.

The nonaligned movement, founded by Gamal Abdel Nasser, Jawaharlal Nehru and Marshal Tito in 1961, has virtually the same membership as the Group of 77 and sets the broad political direction of its economic demands. Significantly, it was at last March's summit meeting of nonaligned nations in New Delhi that the call for "immediate measures" first emerged, when Mrs. Gandhi also buried suggestions that the Soviet Union be declared the movement's "natural ally."

In the industrial West, the trade conference has already shown that nothing concentrates the capitalist mind so wonderfully on the problems of the poor as the threat of a banking crisis and a threatened recovery.

It was the realization last summer that Mexico, Brazil and Argentina were about to drown in a sea of debt, taking half the United States banking system with them, that caused the Reagan Administration to reverse itself overnight and back a bigger International Monetary Fund and more lending to the third world.

Since then, the industrial world has come to realize that its own hopes of economic recovery are now inextricably

bound to economic development in the third world. Interdependency is an overworked word in the language of international economics, but it is finally being taken seriously. The argument runs like this:

The Western upturn will fail if the third world cuts back on imports. But to import, it needs money to pay with. So the I.M.F. must be enlarged and banks encouraged to continue lending. But banks will not lend unless they see developing countries starting to earn their way out of debt. And the third world cannot export if the industrial world goes protectionist, unless new markets are opened up to its industry in return. So the better-off developing countries must also reduce their protectionism.

Such linkages imply that both North and South must act together to insure global economic recovery and bury the previous idea that an upturn in the West would have a "global trickle-down effect," gradually enriching the third world, too.

Where North and South still differ is on whether their growing awareness of such interdependencies means they should completely recast the international economic system or merely tinker with it. The third world still bankers after its old dream of a new international economic order that would take more account of developing countries' interests. The West remains pragmatic, feeling the existing system can be adapted as problems arise.

For example, while the third world wants automatic debt relief over the next two years, the West still prefers a case-by-case approach but does not rule out a new approach if this proves necessary. As Gordon Streib, the

Assistant Secretary of State who is the United States delegation leader at Uctad VI, says: "If, for example, the current efforts to prevent a debt crisis are not sufficient, there will be a serious look at whether we need to do something more fundamental — a greater injection of liquidity, or so forth."

Another difference between North and South is over Uctad's competence. Northern countries want to safeguard the authority of international bodies like the I.M.F., the World Bank and the General Agreement on Tariffs and Trade, arguing that each must be left to decide on changes in the fields under its jurisdiction. But the South wants the trade conference through its resolutions to put pressure on these bodies to issue more Special Drawing Rights, increase aid disbursements and so on.

COMMODITY price supports also are likely to be a topic of lively discussions at Uctad, which is the only body in the United Nations system specifically mandated to discuss trade in raw materials.

The Western world is losing its fear of commodity price stabilizing agreements. While the Reagan Administration still says it does not like them, Western European countries have decided they are harmless.

Originally, the third world wanted to take a leaf out of OPEC's book and create a series of commodity agreements that would lift raw material prices in order to divert resources from rich to poor. Such schemes were a key element in the third world's early ideas for a new international economic order.

Finally, a more modest scheme was

agreed upon. This provides for Uctad countries to chip in \$750 million to create a "common fund" that then would borrow money on the private market to finance the costs of price stabilization schemes for up to 18 commodities ranging from bananas to phosphate rock.

But the prices set under the schemes must be approved by both producing and consuming countries. The aim is to prevent wide price swings by withholding stocks when demand is weak and releasing them as it strengthens.

So far only five such agreements have been made, but the recession of the last two years has wrecked two of them and demonstrated that the other three could provide producers with only very limited protection against falling prices. "Limiting fluctuations around a trend is the most to be hoped for," acknowledged one Uctad commodity expert.

The tin agreement is generally accepted as the most successful, largely because there are only a few producers and all of them can afford to withhold substantial stocks from the market. The main producers are Malaysia, Bolivia, Thailand and Indonesia. Currently they are being forced to stockpile roughly half their production to defend the minimum price.

Although coffee prices have fallen, Uctad thinks the international coffee agreement has limited the decline to about half what it would otherwise have been. But the agreement is unusual since it is policed by the United States and all the Western industrial member countries that are committed to buy coffee only from producers belonging to the agreement.

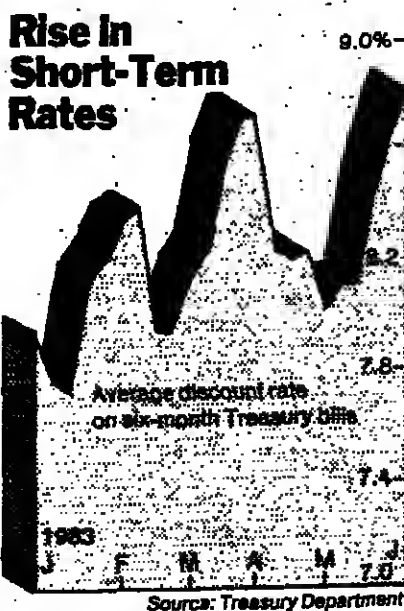
WEEK IN BUSINESS

Volcker's Selection Looks More Likely

Paul A. Volcker appeared to gain an edge late last week for reappointment as chairman of the Federal Reserve Board. Administration officials had said early in the week that President Reagan had been advised by top aides either to reappoint Mr. Volcker, whose term as chairman expires Aug. 6, or to choose Alan Greenspan, the economist. Later, soundings by the White House indicated conservative Republican sentiment favoring a Volcker reappointment. Republican Senator Paul Laxalt of Nevada, a Reagan confidant, was said to have found "a lot of support" for Mr. Volcker, and Edward H. Baker, the Senate Majority leader, has been actively campaigning for reappointment.

Mr. Volcker's fate, some analysts believe, depends on how well the Fed does in the next few weeks in calming the financial markets and holding down interest rates. Explosive money supply growth has been the big worry. The fear is that the Fed will have to tighten its grip on credit to prevent a rekindling of inflation. That would push up short-term interest rates and risk aborting the economic recovery. After the close of financial markets Friday, these fears eased somewhat when the Fed reported a weekly rise of only \$100 million in the money supply, a much smaller gain than expected. Rates fell as a result.

Inflation itself, as measured by wholesale prices, edged up three-tenths of 1 percent in May. This was the first increase of the year and was attributed to rising energy costs. But analysts had



Source: Treasury Department

been expecting a bigger increase, in the vicinity of six-tenths, and the slimmer gain was seen as favorable news. Also boding well was the Government's report that retail sales in May jumped a strong 2.1 percent.

Stock prices fell in midweek as investors grew increasingly nervous over what course the Fed would chart. The news on wholesale prices brought a 7.11-point gain in the Dow Jones industrial average on Friday, cutting the week's loss to 18.93 points. The index ended the week at 1,196.11.

Taxpayers get a 10 percent cut in

rates July 1, and the economy should get a lift from larger take-home pay. The Democrats, however, believe President Reagan's tax plan is weighted too heavily toward the wealthy and are talking about seeking to impose a limit in the value of the tax cut to \$700 for each taxpayer.

The "windfall profits" tax on oil, meanwhile, was upheld by the Supreme Court. Justices also said that banks and insurance companies could continue to share directors. At the Securities and Exchange Commission, the agency proposed to extend a rule that allows companies to sell securities through so-called shelf registrations.

The Senate was generous to the International Monetary Fund, approving 55 to 34 an \$8.4 billion increase in the American contribution for third world loans. The legislation is expected to face greater difficulty in the House.

The Big Buyout: David J. Mahoney, Norton Simon's chairman, and a group of investors want to take the company private for \$1.65 billion. The price tag may sound high but Wall Street says it is not generous enough to shareholders, who would get about \$29.50 a share in cash and stock. The shares were trading higher than that, and Norton Simon's investors were expecting a sweetened offer from Mr. Mahoney or a better bid from another company.

The takeover pace picked up. The CSX Corporation, a big rail company, said it agreed to acquire Texas Gas and

Resources in a friendly cash and stock deal totaling nearly \$800 million. The move followed an unfriendly \$450 million bid by the Coastal Corporation for 52 percent of Texas Gas. Both Coastal and Texas Gas are in gas transmission and oil and gas production.

Lenox, the china maker, received a \$400 million bid from Brown-Forman Distillers. But Brown-Forman may have a battle on its hands. Lenox indicates that it will fight.

Häagen-Dasz, the ice cream maker, will be acquired by Pillsbury for an undisclosed amount. The Matus family, which found a niche in the industry with its high-quality and high-cost ice cream, will remain managers.

American Bell is running into hard sledding just five months after it was formed. Analysts expect the subsidiary of A.T. & T., formed to sell business and consumer telecommunications products, to lose some \$750 million this year, \$250 million more than expected. The company has shifted much of its consumer products business to a new group in Western Electric. And organizational problems have cropped up, highlighted by the resignation of Archie J. McGill, a key executive.

Corporate Notes: Fox & Company, an accounting firm, was charged by the S.E.C. with allowing Saxon Industries to get away with misrepresentation of financial statements. Fox is contesting the charges.

The New York Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED JUNE 10, 1983

(Consolidated)

Company	Sales	Last	Net Chg
ATT	5,904,300	63%	- 1%
Petrif	4,800,500	15%	+ 1
Tex Gfs	4,507,700	48%	+11%
Fed NM	4,320,100	25%	- 1%
Coloco	4,214,400	57%	+ 6%
Citigrp	3,832,000	40%	- 1%
Phil M	3,753,300	57	+ %
Exxon	3,342,400	33%	- %
IBM	3,288,900	114%	+ %
AMR Cp	3,243,400	34%	+ 5%
Nor Sln	3,217,800	32%	+ 5%
Remed	2,982,800	10%	+ 1%
Diem S	2,831,200	21	- %
YW Cp	2,830,200	32%	+ 3%
US Steel	2,776,700	24	- 1%

MARKET DIARY

	Last Week	Prev. Week
Advances	986	914
Declines	1,144	1,055
Total Issues	2,191	2,190
New Highs	358	302
New Lows	11	6

VOLUME

	Last Week	Year To Date
Total Sales	438,748,350	9,817,133,469
Same Per. 1982	268,794,480	5,824,067,717

WEEK'S MARKET AVERAGES

	High	Low	Last	Net
New York Stock Exchange				
Index	110.8	108.2	109.7	-0.71
Transp	91.9	89.7	91.8	+2.02
Utilities	47.1	46.3	46.5	-0.58
Finance	102.0	99.1	100.3	-1.81
Composite	95.4	93.3	94.4	-0.88

Standard & Poor's

400 Indust	185.4	179.8	182.7	-1.92
20 Transp	29.7	28.3	29.4	+0.22
40 Utilities	65.1	63.2	63.7	-0.91
40 Financial	20.5	19.6	20.0	-0.35
500 Stocks	165.9	159.9	162.3	-1.74

Dow Jones

30 Indust	1223.2	1176.7	1186.1	-18.93
20 Transp	579.0	547.9	572.9	+21.88
15 Utilities	130.8	125.8	126.8	-2.81
65 Comb	484.5	489.7	479.4	+0.84

The American Stock Exchange

MOST ACTIVE STOCKS

WEEK ENDED JUNE 10, 1983

(Consolidated)

Company	Sales	Last	Net Chg
Dunlop	2,102,300	1%	-1/16
DomeP	1,938,900	4-11/16	-3/16
ChmpH	1,899,800	7	+ %
ImpCh	1,398,900	7%	+ %
WangB	1,142,900	40%	- 1%
TexAR	1,129,400	9%	+ 1%
Cyprus	991,500	3	...
Elnor	921,900	11	+ %
OzarkA	817,400	15%	+ 1
IntSty	630,500	4%	- %

MARKET DIARY

	Last Week	Prev. Week
Advances	381	413
Declines	444	389
Total Issues	908	915
New Highs	210	171
New Lows	5	4

VOLUME

	Last Week	Year To Date
Total Sales	52,742,255	1,038,365,845
Same Per. 1982	19,008,050	475,545,675

The New York Times

Founded in 1851

ADOLPH S. OCHS, Publisher 1896-1935
ARTHUR HAYS SULZBERGER, Publisher 1935-1961
ORVILLE E. DRYFOOS, Publisher 1961-1983

ARTHUR OCHS SULZBERGER, Publisher
A. M. ROSENTHAL, Executive Editor
SEYMOUR TOWSE, Managing Editor
ARTHUR GELB, Deputy Managing Editor
JAMES L. GREENFIELD, Assistant Managing Editor
LOUIS SILVERSTEIN, Assistant Managing Editor
MAX FRANKEL, Editorial Page Editor
JACK ROSENTHAL, Deputy Editorial Page Editor
CHARLOTTE CURTIS, Associate Editor
TOM WICKER, Associate Editor
JOHN D. POMFRET, Exec. V.P., General Manager
LANCE R. PRIMIS, Sr. V.P., Advertising
J. A. RIGGS JR., Sr. V.P., Operations
HOWARD BISHOP, V.P., Employee Relations
RUSSELL T. LEWIS, V.P., Circulation
JOHN M. O'BRIEN, V.P., Controller
ELISE J. ROSS, V.P., Systems

Let the Middle East Simmer

Arabs and Israelis know how to start wars, not how to end them. Decades of battle have conditioned them to expect others, notably Americans, to arrange their cease-fires, disengagements and even one peace treaty. As Lebanon drags on to become their longest war, it is only natural that the combatants pine for Washington to do something to pull them apart, and that Americans, from sheer habit, rush to oblige them, against great odds.

What seems natural is not always wise. In the foreseeable future, the risks of either more fighting or more disengagement in Lebanon — and of an ominous impasse over the West Bank and Gaza — are vastly greater for Israelis and Arabs than for the United States. It would be a favor to let them confront those risks starkly, without the mitigating benefit of our meddling. The best American policy in the Middle East right now is Adlai Stevenson's once sardonic, "Don't just do something, stand there."

If Americans stand back and try nothing more, Israel and Syria will finally have to decide how to share dominion over Lebanon. That country's government barely commands Beirut, and no successor regime could manage without our marines. The Israelis, with much American help, have found a formula for protecting their interests after they withdraw — provided Syria also withdraws. Syria, emboldened by Soviet-manned weapons, refuses to bargain on that basis.

The Syrians think Israel won't long tolerate the daily casualties of hit-and-run Arab assaults. Israel thinks the Syrians cannot long abide its troops 30 open miles from their capital. Both are right.

If left alone to weigh their predicaments, they will decide either to rearrange their military lines and develop rules of nonengagement or to fight another major battle. And if they shrink from war, it will be because they respect the present balance of strength, not because diplomats intervene. Israel

has a clear advantage in weaponry and geography; Syria has the benefit of those Soviet-manned missiles and a reluctant Israeli public.

These options and risks are plainer than any that negotiations could produce. Mediators would only distract from the hard choices to be made.

The Russians are in any case well positioned to frustrate a *pax Americana*. They could perhaps be moved out of the Lebanon picture in a superpower deal that lightens their burden in, say, Afghanistan. But Soviet-American relations are too raw for such a delicate maneuver. The big powers are engaged in the Middle East, but not in ways that risk their clashing directly. It is their allies who must now make the best of a bad situation.

Similarly fateful choices now haunt the West Bank. President Reagan's plan to tempt Jordan and some Palestinians into negotiations about the area failed to move either side. Israel rejected the plan's main objective; Jordan and the P.L.O. refused negotiation on that basis. As in Lebanon, there is no point in pounding on closed doors.

Let the realities sink in. Let Jordan and the Palestinians reflect that only a year or two remains before the pattern of Israeli settlement forecloses any kind of West Bank partition.

Let Israelis reflect on how they will manage permanent dominion over 1.5 million more Palestinians. If they give even some of their political rights, Arabs would soon hold the balance of power in Israel's coalition politics. If denied rights, they would live in hideous apartheid. As Israelis are beginning to see, their nation faces a choice between being Jewish and being democratic.

Helpful as they have often been in restraining this tragic conflict, Americans can also be a distracting influence. Let the itinerant peacemakers fold their tents and give Arabs and Israelis some time to feel the heat.

A Soldierly Warning on Salvador

In a salutary interview, Gen. Edward Meyer spelled out some home truths about military involvement in El Salvador. The Army's Chief of Staff opposes sending American forces because the home front is reluctant and because Salvadorans are not properly committed to defeating the leftist guerrillas. Besides, he adds, the option could be considered only if there were clearer political and military objectives and public understanding of the costs in money, arms and men.

The only thing wrong with that wholesome analysis was its source. It is the kind of clarity and candor that Americans should be hearing from their President. Mr. Reagan's main speech to Congress was neither so clear nor candid. He proclaimed that American credibility and interests were vitally at stake in Central America but that he had no thought

of sending American troops. A cheering Congress was left to ponder just what he meant by "no thought" and, given the stakes, why not.

Evidently the Joint Chiefs have been pondering, too. When General Meyer says there is a "crying need" to pull together economic, political and military efforts, he is speaking to a policy void. And when he pleads for an American consensus for whatever might be done, he addresses a political void.

"We didn't do that in Vietnam," said General Meyer, who is due to step down this month. "We inched our way in. Then all of a sudden we were there." Reflecting on his two Vietnam tours as a field commander, he said, "I was a bit confused as to why I was over there."

If the White House will not speak in these plain terms, we can at least hope that it is listening.

Shell Game

The waterfront is notorious for bringing out thievery in the human spirit, as any boat owner will testify. Yet things are getting worse. Nothing that isn't nailed down and patrolled by three-headed dogs with slavering jaws has ever been safe from thievery on a docked boat. But there was once a certain honor among thieves on the open water.

People with permits to plant lobster traps, or "pots," in Long Island Sound — people who otherwise wouldn't take a dime from a collection plate — have been known to steal each other's lobsters. Sometimes they have even emptied other people's pots in full knowledge that the prey they snatch is legally undersize.

The thieves of 1983 are even bolder: they are stealing the pots. These are slatted wooden enclosures about four feet long, baited with fish scraps to lure the lobsters into funnel-shaped nets. Since all pots must be marked by buoys, and all buoys marked with the license number of the owner, it's

not easy to understand how the thieves can employ the stolen pots.

Those buoys with what numbers do they put on them? Or are we in the midst of a lobster trade war, in which the thieves, by reducing the number of pots in the water, hope to make their own that much more attractive to crustaceans?

The lobster pot piracy offers an explanation of the current jealousies and rivalries in international trade. If Long Island lobstermen, who all speak the same language and drink in the same bars, aren't satisfied with the economic yield of honest competition, is it any wonder that heads of state stay up late thinking of ways to shield their constituents from foreign competition?

The trouble is that in the end, when everyone steals everyone else's pots, almost every lobster lover loses — those paid to catch them as well as those who like to eat them. The only winners are liberated lobsters.

Topics

Flowery Projects

Slug Fest

The little girl next door calls violets "the purples." Flowering in their youth, they are dainty, fragrant and sweet-faced, the focus of continuing affection. There is nothing quite like a bunch of the purples gathered in a nosegay with lily of the valley, bleeding heart or forget-me-not.

But by June, the violet has matured into an ungainly adult. Its greens shoot tall, giving the plant a leafy, cabbagey look. No longer capable of charm, it turns to more dubious activity: providing shelter for marauding slugs.

In the garden of a Brooklyn brownstone, the energetic mollusks make slimy one-footed sorties to feast upon the stems, blooms and leaves of prized plants. Normally they work at night, but recent rains encourage them to

work days, too. Finally sated, the gross-feeding slugs creep home to bed, leaving iridescent trails straight to the nearest violet hideout.

The organic gardener sinks jar lids in the ground and fills them with beer, hoping the slugs will fall in, drink deeply and drown. Meanwhile, next year's spring, when purples will bloom again before the slugs emerge, seems far away.

Facade and Face

There is disagreement as to put it mildly, over what the west facade of the national Capitol should look like. Changes are in order because some of the building's sandstone is crumbling. George M. White, the Capitol architect, believes a major reconstruction of the proto-classical facade is in

order and says it would cost in the neighborhood of \$70 million.

His ambitious plan makes historic preservationists nervous. It would move the building's exterior wall westward and remove some of what he considers incongruous architectural elements. But many believe that the extra space the plan would create isn't necessary and that there is nothing wrong with the facade's present combination of elements. Past experience suggests Mr. White's cost "neighborhoods" have rubbery boundaries. A considerable overrun is possible.

Senator Alfonse D'Amato suggests hiring an architectural consultant to provide a second opinion. That's a good idea, even if it offends the dignity of Mr. White. In preserving the national Capitol, facade is clearly more important than face.

Letters

Games That Out-Teach Teachers

To the Editor:

Sylvia Orans is critical of a Harvard conference and its enthusiasm for video games as an educational force of the future; her particular concern is the violent content of most of these games ("Video Celebration of the Killer Instinct," letter June 5).

I think both points of view are correct and reconcilable. The most rudimentary arcade game involves what Prof. Patricia Greenberg of U.C.L.A. calls "parallel processing," the ability to evaluate many variables simultaneously — an ability virtually impossible to foster in a book.

Those of us involved in learning and teaching biology, in which many cell systems, molecular mechanisms and biophysical forces must be grasped as participating in one grand continuum called life, are well aware of how hard it is to cull an image of the grand continuum out of discrete formulas and proliferating vocabularies, and how much harder it is, using these formulas and vocabularies, to communicate the grandness and continuity to others.

When, however, the formulas become game rules, and the vocabulary is replaced by colorful symbols, the continuum is quite communicable.

In one week this spring as a substitute teacher at the Manhattan Country School, using a game called "Cell City," I taught neurophysiology and biophysics to two classes of seventh-graders.

I then gave them a test covering material it took me six months to learn in a neural science course at Columbia's College of Physicians and Surgeons. The students averaged 80 percent correct answers, and in one class more than half the students scored over 93 percent.

Once taught exactly how nerves work, the students were receptive to how nerves continue to develop connections in brains at their age, and how violent games could cause destructive behavior to be programmed into neural circuits. They could see exactly how, and precisely where, drugs could foul neural plugs.

I was also able to demonstrate how, if at a young age you read a lot, you can make more connections in your left brain, something adults

no longer have the option to do.

During the two days in which the game was actually played, I was almost tangential to the proceedings, as the children's natural sociability and competitive instincts brought peer pressure to bear on learning and following the rules. The better players, not I, taught the slower learners. It was a completely different



Johannes Gutenberg

ent psychology than my telling them, and there is no doubt that it worked.

I would suggest to opponents of video games that they consider a paradigm of Gutenberg, who derived the idea of movable print by unifying the principles of coin-minting, wine-pressing and woodcut-printing of playing cards. Abstracting the principles of these devil's tools (which no doubt many well-intentioned citizens were decrying), Gutenberg synthesized the force which brought the Bible out of the academic closet and to the people.

Computer games can do the same for biology. And an understanding of how life works is what the next generation must gain if it is to safeguard life from weapons, toxins and other licentious development of current and past generations.

MICHAEL NEWMAN
Director, Warm Springs Harbor
Laboratory for Qualitative Biology
New York, June 5, 1983

A Papal Visit Spells Hope for All Poles

To the Editor:

Jas Gawronski's appeal to the Pope not to visit Poland because it would help General Jaruzelski is in obvious conflict with the wishes of millions of Poles, in and outside their country (Op-Ed June 2). On this one subject, the official press and underground Solidarity are in agreement, and no free-world Polish political organization of any standing has opposed the visit.

Whatever else happens, the papal visit will further strengthen the moral fiber of the Polish people and their national consciousness, and this certainly won't help Jaruzelski if he persists in his present course.

But there is also hope that the visit will contribute to a reconciliation of Polish factions, a reconciliation so desperately needed to end the suffering of the people and to put Poland on a road to political peace and economic health. To push matters to a confrontation in the present international situation is to risk catastrophe.

Mr. Gawronski says, "Perhaps the miracle to be prayed for would be for the Pope to cancel his visit." I believe that the miracle the Poles should be praying for is reconciliation and peace brought about by the papal visit.

FELIKS GADOMSKI
Jackson Heights, N.Y., June 5, 1983
The writer is vice president of the Polish Council of Unity in U.S.A. and secretary general of the Assembly of Captive European Nations.

The Errors of Martin Feldstein's Claims

To the Editor:

In his June 2 Op-Ed article, "Adjusting the Dollar," Martin Feldstein, chairman of President Reagan's Council of Economic Advisers, makes unproven claims both for himself as a seer and for the deficit theory of interest rates.

Feldstein says real long-term interest rates are high because they are in excess of the expected rate of inflation. This is a claim to know the expected rate of inflation better than the markets do.

He then blames high interest rates on expected budget deficits, nowhere mentioning the effect on inflation expectations and interest rates of the rapid money-supply growth that has the financial markets in such jitters.

Numerous econometric studies have tried to isolate the effects of deficits, and they have failed to establish reliable evidence that government deficits have a noticeable effect on interest rates. The U.S. Treasury re-estimated Feldstein's own work and found that it cannot be used as a basis for making empirical statements about the relationship between interest rates and the deficit.

PAUL CRAIG ROBERTS
Washington, June 2, 1983
The writer, professor of political economy at Georgetown University's Center for Strategic and International Studies, was Assistant Treasury Secretary for Economic Policy in 1981/82.

Lead the Children Back to Classics

To the Editor:

In the discussion of the decline of American education, a great resource is being ignored: the classics, both "childhood" and adult.

As a library volunteer in some excellent school districts over the past five years, I have noted that on the average most "classics" were last checked out around 1987. Both librarians and teachers seem to feel that today's children want to read only books dealing with subjects to which they can relate. Child abuse, classroom situation comedy, sex and divorce are popular topics. In addition, librarians have difficulty in persuading children to carry home anything heavier than a paperback.

By these standards, hardcover volumes of Stevenson, Kipling and Alcott, not to mention Defoe, Dickens and Brontë, should all be pitched off the shelves to make space for the paperback successes of Judy Blume, Sheila Danziger and their ilk.

A classic is a classic precisely because its theme remains relevant despite changes in language and social customs. It is this marvelous continuity found in the human condition in any century that makes the reading of masterpieces so fascinating. The very language, archaic as it may sometimes be, serves to reinforce and broaden the child's vocabulary.

Because of progressive education, the trend during the past 20 years has been to let the child make his own literary choices, lest he develop a dislike for reading. Most children, no longer encouraged to reach beyond the mundane, have ceased to develop any literary taste at all.

As a result, S.A.T. verbal scores have plummeted, the use of correct English has declined, and if children are familiar with the classics, it is usually through the occasional viewing of "Masterpiece Theater."

George Will says in "Statecraft as Soulcraft" that "no generation is the younger generation" for long. The children of today will lead us into the next millennium. It is imperative that they have the intellectual background to meet the challenge before them.

MELINDA R. MEISTER
Morristown, N.J., June 2, 1983

Doomed Scenario for Soviet Withdrawal From Afghanistan

To the Editor:

The key result of the agreement on Soviet troop withdrawal from Afghanistan which Selig Harrison's June 7 Op-Ed article claims is being negotiated by U.N. mediators would be legitimization of future Soviet intervention in Afghanistan and possibly Iran as well.

The U.N. mediators acknowledge they have intentionally avoided discussion of internal Afghan governing arrangements in their discussions with Pakistani diplomats and the Babrak Karmal authorities in Kabul. The Afghan resistance forces and the refugees in Pakistan have also been excluded from any involvement.

Any plan for Soviet withdrawal which is contingent on preservation of the Babrak regime in Kabul and on Soviet rights to protect it will fail. The guerrillas will continue their efforts to overthrow that government. And the Soviets have insisted on the rights — which Mr. Harrison urges Pakistan, the U.N., the U.S. and China to accept — to send new forces into Afghanistan, whether the Kabul regime is faced with a crisis or, a totally new element, when there is a crisis in Iran.

The proposed agreement is fundamentally flawed if it reads in any sense in the manner Mr. Harrison describes. Afghan refugees in Pakistan would

have to be coerced to return under these terms. Civil war in Afghanistan would be certain. And a resumed Soviet intervention would be sanctioned by the U.N. Why shouldn't Moscow agree to such an arrangement?

The most serious and most fundamental bar to a peaceful settlement is the lack of internal stability and a sense of political direction in Afghanistan. This is what gave the Soviets the chance to intervene originally. It is what would create a new opportunity in the future unless it is addressed from the start.

This the U.N. mediators and the Pakistanis have carefully avoided doing, in the false hope that once the Soviets agree to pull back their forces on any terms, the problem will be basically resolved. The negotiators appear to be moving toward an understanding which will only pave the way for more violence, even if it does, on the surface, appear to commit the Soviets to begin to withdraw.

If the Soviets genuinely wish to get

out and do so with some saving of face, they should be able to accept an agreement providing for unconditional withdrawal in the context of a U.N.-guaranteed and U.N.-supervised gathering of a traditional grand tribal Jirga, or assembly.

In that assembly, the Afghans themselves would agree on a new government, on the Soviet withdrawal itself, on friendly relations with all their neighbors, including the Soviet Union, and on a crucial amnesty for all groups in the terrible conflict of the last four years.

Those who hope for peace in Afghanistan, for stability in South Asia and for the permanent withdrawal of Soviet forces from Afghanistan can have no satisfaction in the kind of settlement Mr. Harrison describes. The best that can be said for it is that the prospects for its implementation are extremely slim.

PAUL H. KREISBERG
New York, June 7, 1983
The writer is director of studies at the Council on Foreign Relations.



The New York Times Company

229 West 43d St., N.Y. 10036

Operating Groups

ARTHUR OCHS SULZBERGER, Chairman
SYDNEY GRUBIN, Vice Chairman
WALTER MATTHEWSON, President
DAVID L. GORHAM, Senior Vice President
BENJAMIN HANDELMAN, Senior Vice President
MICHAEL E. RYAN, Senior Vice President
GUY T. GARRETT, Vice President
SOLOMON B. WATSON IV, Secretary
DENISE K. FLETCHER, Treasurer

JOHN D. POMFRET, Senior Vice President
CHARLES B. BRACKETFIELD, Vice President
WILLIAM H. DAVIS, Vice President
JOHN R. HARRISON, Vice President
WILLIAM T. BERR, Vice President

WASHINGTON

Thatcher and Reagan

By James Reston

LONDON, June 11 — A Washington reporter in London for the British election can hardly avoid comparisons between Prime Minister Thatcher and President Reagan. They are both successful conservative politicians, but in styles of leadership, they are as different as Maggie and Jiggs.

The British Socialists ran such a bad campaign here that it's easy to minimize just how good Margaret Thatcher was, and what personal qualities accounted for her success.

Mrs. Thatcher came into this election with over three million British people unemployed and somehow managed to persuade the voters that this sort of misery was good for them. And if it wasn't, that was not her fault.

She explained how she won the Falkland war but not why she didn't avoid it, or what she was going to do with her victory now that she had it. But nobody seemed to mind.

Unlike President Reagan, she left no doubt that she was running for a second term in office. She was not intimidated by her failures, but led the charge against her opposition.

She did not make speeches in the British campaign written by somebody else and recited from invisible teleprompter screens on television. She was out front day and night answering questions from TV anchor people and call-in questions from the public. She was careful to avoid the harder questions of newspaper reporters, but otherwise took on all comers, with not an answer or a hair out of place.

This is some lady and clearly a force to be reckoned with in the coming struggles with the Russians and within the Western alliance.

She was not the favorite choice as leader of the British Tory Party here: she captured it. Like Mr. Reagan, she took office with a conviction that the country had gone slack, and that the unions and big business had to "shape up." Also, like Mr. Reagan, she tried to impose simplistic solutions in the early days of her administration, and ended up with more than three million unemployed in Britain.

But unlike Ronald Reagan, she stuck to her philosophy and got rid of the cabinet members who disagreed. She came to terms with Francois Mitterrand of France and Helmut Kohl of West Germany on the importance of maintaining a nuclear balance of power with the Russians. She supported the United States and the NATO alliance and the European Common Market, and on these issues she won the most spectacular British election of the last half century.

Her position here now is quite different from President Reagan's in Wash-

ington. She is not very popular personally, but she is respected by all parties, whereas Mr. Reagan is more popular but not quite as respected by his opposition.

The question now is what Mrs. Thatcher will do with her victory. First, unlike President Reagan, she is changing her government. She is reappraising the successes and failures of the last years, and planning for the future.

She has some hopeful things going for her. President Reagan in Washington and Chancellor Kohl in Bonn share her conservative economic philosophy. They are agreed on maintaining a nuclear balance of power in Europe with the Russians — particularly in deploying cruise and Pershing 2 missiles in Europe beginning in December. And on this critical issue, they also have President Mitterrand of France at their side.

It is not yet clear, however, what Mrs. Thatcher will do about bringing the European nations together or how she will respond to Chancellor Kohl's mission to Moscow next month.

Mr. Kohl is going there for his own

commercial and political reasons, but also to propose a Reagan-Andropov summit meeting. Mrs. Thatcher apparently has her doubts about the wisdom of this and so do the French.

In the next couple of weeks, after the Pope's visit to Poland, the allies will be reviewing East-West relations and particularly the nuclear weapons talks in Geneva.

In recent months, Prime Minister Thatcher has been concentrating on domestic political and economic problems. Now that she has won and reorganized her cabinet, the chances are that she will pay more attention now to world affairs.

The movement of Sir Geoffrey Howe from Chancellor of the Exchequer to Foreign Secretary, replacing Sir Francis Pym, is of particular interest to U.S. officials here. It was known that Sir Francis was in trouble with the Prime Minister.

The new Foreign Secretary is widely respected within the alliance, but his views on East-West relations and the Middle East are not generally known. The main question is whether he will influence Mrs. Thatcher to take a less nationalistic view of Britain's role in Europe, and use her new prestige to take a leading role in the development of the Common Market.

But none of this seems of primary public interest. This was "women's week" in Britain — the Queen's birthday and Maggie's triumph. Maybe she'll tell President Reagan how she did it.

Next Thatcher Moves

By Andrew Neil

LONDON — For Britain, the question now is what Margaret Thatcher will do with her resounding triumph and whether she will move even more boldly than she has to revolutionize its industrial society.

Mrs. Thatcher was swept back into power by the war in the Falklands and the war in the Labor Party.

Before the Falklands, opinion polls suggested she was the most unpopular British Prime Minister for 40 years. By the time that nasty little war was over, her popularity had soared. But nobody could guess just how great its impact would be: On June 9, she became the first Prime Minister in this century to govern for four years and then be re-elected with a large enough majority to guarantee her a five-year second term.

The Falklands factor made her much more than a successful war leader. It convinced many voters that the resolute qualities she had shown in the South Atlantic were also the right ones to bring to bear on the economy. If 250 British dead was a price worth paying for the Falklands, 12 per cent unemployment did not seem such a bad deal for making British industry efficient. The electoral significance of the Falklands was that it neutralized the lengthening queue as a political liability.

Mrs. Thatcher profited enormously, too, from her opponents. Michael Foot's Labor Party proved to be as much a vote-winner for her as for Gen. Leopoldo F. Galtieri of Argentina. A four-year civil war sent Labor hurtling to the left, leaving it with a leader clearly unsuited to lead and a set of policies that made it clearly unfit to govern. The Labor manifesto promised one-sided nuclear disarmament, refusal to take cruise missiles, withdrawal from the European Community, the booting out of American bases on British soil, and a blueprint for extending state control and union power over the economy and industry.

By treating the real opinions of the working class so arrogantly, Labor ended up with a derisory 29 per cent of the popular vote, its lowest in more than 60 years, and only 3 per cent less than the center-left Liberal-Social Democratic alliance, though the unfairness of Britain's voting system denied the alliance enough seats to hold the balance of power.

In this sense, the vote was not a landslide for Mrs. Thatcher, whose share of the popular vote actually fell one percent from 1979, to 43 per cent: It was an exodus from the Labor Party. Britain badly needs a more credible opposition.

There is much to comfort the Reagan White House in Mrs. Thatcher's victory. For a start, it means that

Andrew Neil is United Kingdom editor of *The Economist* and a television commentator on both sides of the Atlantic.

Britain will remain a loyal NATO ally and, in particular, that it will pose no problems for the deployment of cruise missiles later this year. Republican strategists will also have noted that a right-wing Government pursuing conservative economics can be comfortably re-elected without changing course, even when unemployment has reached near-depression levels.

President Reagan, of course, cannot rely on the Democratic Party, despite its present lackluster performance, to self-destruct to anything like the extent of the British Labor Party. And El Salvador and Nicaragua look more like vote-losers than Falklands-style vote-winners. But Mrs. Thatcher won with an economy showing only stuttering signs of recovery at best, whereas the American economy is already zinging along quite nicely and unemployment should be falling by the time Mr. Reagan has to face the electorate.

Mrs. Thatcher has much still to do to reverse decades of economic decline. The fear is that an unleashed Thatcher will now replace the mixed economy

She has much to do to reverse decades of economic decline

with the free-market capitalism of the last century and swap the welfare state for the Victorian poorhouse. The signs are not entirely clear. Her campaign style was pure Thatcherite, but she was re-elected on a moderate, almost anodyne, platform.

The truth is that the moralist, the pragmatist and the radical all vie for ascendancy within Mrs. Thatcher, occasionally triumphing in the wrong places. The moralist will encourage her to stick to a policy of fiscal conservatism, which has already made the slump deeper than it need have been, and which will delay recovery and indicate a continuing indifference to unemployment. The pragmatist will stop her from going far enough to deregulate, privatize and open to competition Britain's lumbering state monopolies and complacent big businesses, which is the only realistic strategy for ever making Britain prosperous and efficient. And, refreshingly radical as she has often been, a leader of Britain's Conservative Party can never be radical enough to sweep away the privilege, class attitudes and indolence that still permeate too much of the British Establishment.

Given the alternatives, the Thatcher experiment deserves its second term. But her larger majority will not make that elusive British economic miracle any easier to attain.

'Reskilling' Workers

By Bruce Nussbaum

Springtime is always a period of great optimism. This year, even the economy is cooperating. Each week brings forth a new burst of glowing statistics, blossoming into financial euphoria like so many brilliant flowers. Yet this recovery is unlikely to provide what people want most — jobs — because this recovery is unusual.

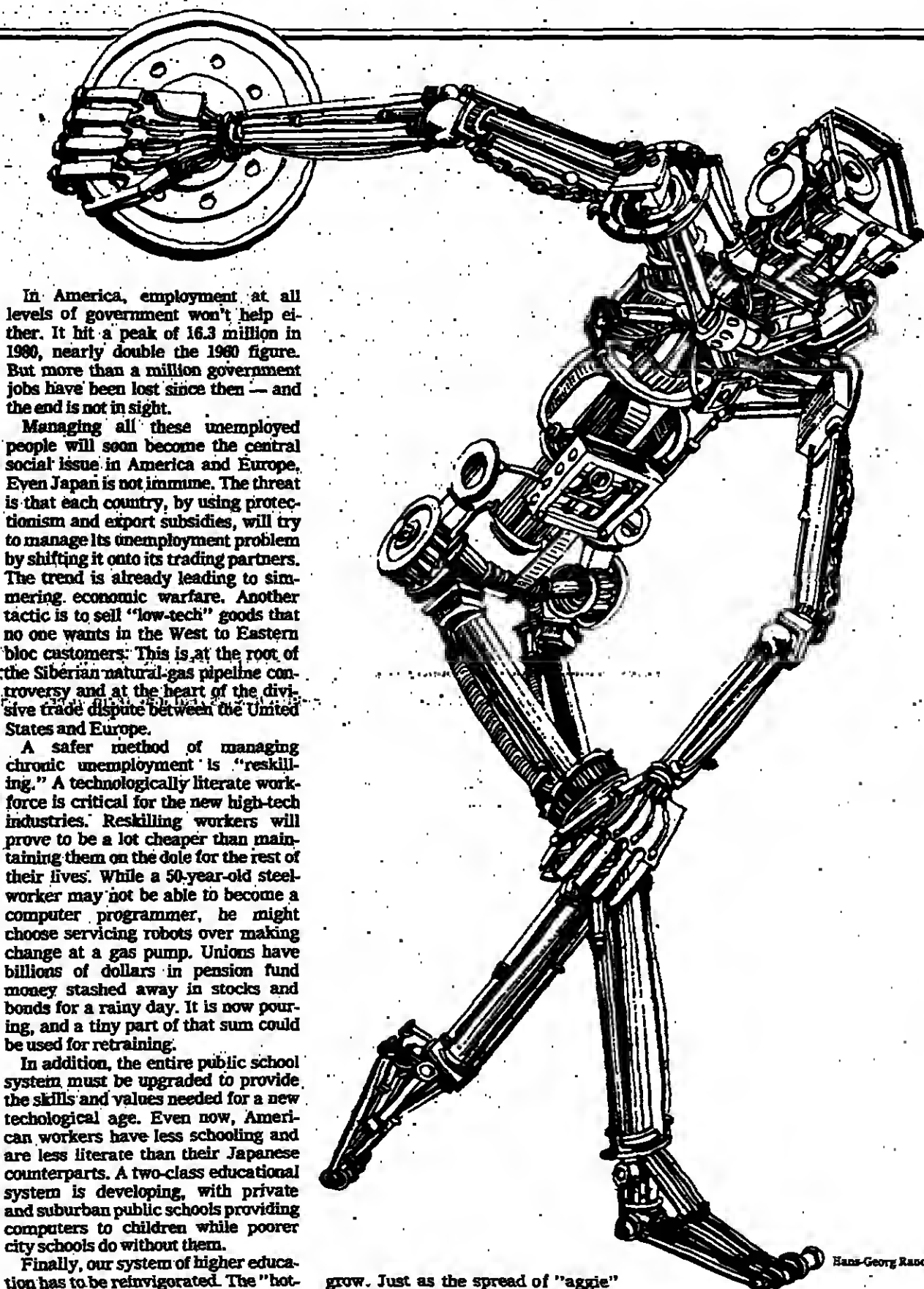
Indeed, the world has not seen one like it for more than a century. The international economy is not simply passing through a normal business cycle; instead, the West's industrial base is undergoing a dramatic technological transformation brought about by a fourteenfold rise in energy costs in less than a decade.

In this transition from an economy built on energy-guzzling heavy industry toward a 21st century society of energy-sipping high technology, millions of Americans and Europeans are being "deskilled." The epidemic of unemployment, running at 10 percent in Europe and America, will only get worse in the years ahead. The 35 million workers unemployed on both sides of the Atlantic will not, for the most part, be returning to their old jobs at the plant. In fact, chronic unemployment could jump to 20 percent by the end of the decade.

These people are not merely losing jobs: Their jobs are becoming archaic, their skills obsolete. In the march to the future, these ex-assembly line laborers are being joined by white-collar workers suffering from cyberphobia (fear of computers), a growing number of functionally illiterate high school graduates and a new flood of illegal and poorly educated immigrants from Latin America. Together they threaten to constitute a new "super-lumpenproletariat."

Up to 75 percent of all factory jobs may be replaced by robots by the end of the decade, according to a Carnegie-Mellon University study. For the first time, there will be no safe haven. Automation has spread not only to the basic industries but to the service sector as well. To take just one chilling example, the Japanese are creating a McDonald's-like robot that can cook burgers, pour Coke and make change.

Bruce Nussbaum, an associate editor at *Business Week*, is author of "The World After Oil: The Shifting Axis of Power and Wealth."



In America, employment at all levels of government won't help either. It hit a peak of 16.3 million in 1980, nearly double the 1960 figure. But more than a million government jobs have been lost since then — and the end is not in sight.

Managing all these unemployed people will soon become the central social issue in America and Europe. Even Japan is not immune. The threat is that each country, by using protectionism and export subsidies, will try to manage its unemployment problem by shifting it onto its trading partners. The trend is already leading to simmering economic warfare. Another tactic is to sell "low-tech" goods that no one wants in the West to Eastern bloc customers. This is at the root of the Siberian natural-gas pipeline controversy and at the heart of the divisive trade dispute between the United States and Europe.

A safer method of managing chronic unemployment is "reskilling." A technologically literate workforce is critical for the new high-tech industries. Reskilling workers will prove to be a lot cheaper than maintaining them on the dole for the rest of their lives. While a 50-year-old steelworker may not be able to become a computer programmer, he might choose servicing robots over making change at a gas pump. Unions have billions of dollars in pension fund money stashed away in stocks and bonds for a rainy day. It is now pouring, and a tiny part of that sum could be used for retraining.

In addition, the entire public school system must be upgraded to provide the skills and values needed for a new technological age. Even now, American workers have less schooling and are less literate than their Japanese counterparts. A two-class educational system is developing, with private and suburban public schools providing computers to children while poorer city schools do without them.

Finally, our system of higher education has to be reinvigorated. The "hot-rub high-tech" culture of Silicon Valley is intimately connected with California's best universities. In the past, rivers, ports and raw materials determined where new industries developed. Today, the presence of sophisticated universities determines where the corporations of the future will

grow. Just as the spread of "aggie" schools throughout the Middle West in the 19th century increased the productivity of farms, so too would the spread of new "techie" schools revitalize middle America.

By the fall of 1984, it will no longer be possible to pretend that economic recovery is solving the problem of

unemployment. For America, the chronically unemployed will then emerge as a major Presidential election issue and the nation can choose how it is going to manage to deal with its "techno-casualties."

ABROAD AT HOME

Death of a Party

By Anthony Lewis

Can Labor heal its wounds and again become a credible opposition — that is, one that the electorate can accept as a potential government? In my judgment, the probable answer to that crucial question is no. The reason is that the left still has its influence on the party in Parliament and the constituencies, and it will probably stick to policies that alarm most of the public: unilateral disarmament, withdrawal from the Common Market, more socialism.

The results were hardly in before Labor was blaming defeat on those who defected and formed the S.D.P. Yet they did so precisely because their Labor Party had been taken over by the extreme left.

When Michael Foot leaves the Labor leadership, as he must soon, there will be another left-right struggle for the succession. The strongest candidates look to be Roy Hattersley, a rumbustious and agile moderate, and Neil Kinnock, a political charmer who is down the line for left ideas: unilateral disarmament, banning private schools and the rest of the canon. A victory for Mr. Kinnock would push

Labor further along the road of sectarian — which is to say losing — politics.

Labor's extremist course will give life to the Alliance despite its fewer than two dozen seats in this Parliament. Winning a quarter of the popular vote in the first general election was a considerable achievement, and it will probably do well at by-elections from here on. It faces hard questions — whether to continue as two separate parties, for one. But it is the only likely possibility to fill the vacuum at the center of British politics.

Mrs. Thatcher's victory has been generally interpreted as good news for Ronald Reagan, and that is fair enough. Most tellingly, it shows that high unemployment resulting from right-wing economic policy is not necessarily political death. Most Britons have evidently come to accept joblessness as something like a force of nature, and perhaps as a price worth paying for lower inflation. Americans may not be much different.

The other point about the unemployment issue is that it hurt the Conservatives less than expected because voters did not think Labor offered any

solution except the old public borrowing and spending that fueled inflation. Coupled with that perception was widespread dislike for trade unions and their disruptive methods, even among union members.

All this offers evident lessons to Democrats in the United States: stick close to the center, and to each other. Avoid total identification with labor unions and other groups seen as special interests. Do not let the voters believe that your economic policy is an old-fashioned recipe for inflation. In fact, do not come on as yesterday's men, allowing Ronald Reagan to campaign once again as if he were the challenger.

Democrats will note one special element in the British result: patriotism. Margaret Thatcher was steadfast in a war, and successful. But the Falklands were not El Salvador. The challenge to anyone who wants to lead the Democratic Party in 1984 is to speak convincingly, as a patriot, against a mistaken — and unpopular — war.

One positive factor in the British Conservative victory can give Democrats a bit of cheer: Mrs. Thatcher's competence. On television, her command of the facts and the issues mattered more than her ideology. Nobody would accuse President Reagan of having that quality.

And there is no particular reason to believe that Mr. Reagan can win in 1984 with 42 percent of the vote. Democrats are fractions, but they do not have the Labor Party's suicidal urge.

An Arms Nonoffer

By Raymond L. Garthoff

WASHINGTON — President Reagan's revised proposals for strategic arms reductions have been generally well received in Washington for their new, more flexible tone. This apparent flexibility will certainly help to build an American consensus on a negotiating position. Unfortunately, it will do nothing to advance actual negotiations with the Soviet Union. Indeed, by creating expectations that will not be met — the revised proposals may in fact have seriously reduced prospects for a successful negotiation.

The President's show of flexibility already seems to be serving its main purpose — gaining a degree of bipartisan support for the Administration's defense program. President Reagan no doubt believed that Soviet leaders, too, would see his new approach as a sign of reasonableness to which they should respond if they are serious about strategic arms reductions.

The American proposal to concentrate on limiting warheads, rather than launchers or missiles, is probably sound, and the proposed equal limits of 5,000 warheads would represent a significant reduction of about one-third for each side. But not all the revisions are so even-handed. The new flexible attitude toward ballistic missile launchers, while nominally designed to open the way for developing a single-warhead missile, was really needed to allow us to retain a larger number of Minuteman 3 missiles, which the Administration feels we need to make up for the scaling back of plans for the MX. (We now plan to deploy 100 MX's rather than the 200 envisioned when the missile ceiling of 850 was established last year.) The revised proposals accommodate American defense programs: They require deep cuts in Soviet long-range land-based missiles with multiple independently targeted warheads and would alleviate the vulnerability of American long-range land-based missiles. Thus, they enhance the United States' idea of "strategic stability" — but not necessarily the Soviet one.

From the Soviet perspective, the revised proposals are fatally flawed, as Moscow indicated clearly on Thursday. The advertised flexibility does not extend to the key provisions that made the Administration's original negotiating proposal fundamentally unacceptable to Moscow. These cru-

cial flaws are not affected by the flexibility on total ballistic-missile numbers and are in fact made worse by the American plan to deploy the MX.

President Reagan makes no reference to these unacceptable constraints: the limit of 2,500 warheads on land-based missiles, the limits of 210 on MX and larger missiles and 100 on the Soviet SS-18 missile. The 2,500-warheads ceiling would mean a cut of more than half in the Soviet warheads on intercontinental missiles, while permitting an increase in comparable American warheads. The President did not go so far as to impose explicit limitations on missile throw-weight — essentially a measure of payload — but he kept severe indirect constraints on throw-weight that would require Moscow to reduce by two-thirds its biggest and best strategic missiles, the SS-18 and SS-19, while Washington could go ahead with plans to build up its MX and Trident II missiles.

Worse still, from the Soviet standpoint, while the proposed agreement would alleviate the vulnerability of American land-based intercontinental missiles (not the major part of the American arsenal), it would greatly increase the vulnerability of comparable Soviet missiles — which are the most important component of Moscow's strategic force. There would be no equality of sacrifice and no "equal security." In short, in the Soviet view, the American pursuit of parity in missile throw-weight — the one and only area in which the Russians now have an advantage — would be at the expense of overall strategic parity, because in other areas American superiority would remain unchanged, and even increase. Thus, for example, the proposed reduction to 5,000 ballistic-missile warheads is not accompanied by any constraints on cruise missile warheads — a new technology in which the United States has a lead, with current plans to deploy up to 5,000 such missiles.

Clearly, then, the proposals remain loaded to the United States' advantage. We have yet to show flexibility where it counts. Proposing reductions that are acceptable to Moscow cannot, of course, take precedence over meeting American security interests. But designing proposals tilted so far to American strategic advantage that they cannot be accepted by the other side gain us nothing, and only deprive us of the security benefits of negotiated arms control with balanced constraints and reductions that serve both American and Soviet security interests. The best arms control is that which is truly in the interests of both sides and therefore can be agreed upon and implemented.

Raymond L. Garthoff, a senior fellow at the Brookings Institution, was a member of the United States delegation to the strategic arms limitations talks.

BOSTON, June 11 — The British election is being treated widely in the United States as Margaret Thatcher's triumph, but it is that only up to a point. More significantly, it is a defeat for the Labor Party: defeat by self-destruction. And it is there that Democrats in this country should look for lessons.

Mrs. Thatcher actually won a smaller share of the British popular vote this year than she did in leading the Conservatives to victory in 1979: one percentage point less. She got her landslide in parliamentary seats because the opposition was divided, and because the British election system punishes third parties brutally. In this election the new Alliance of Liberals and Social Democrats was punished.

A table showing the percentages of the popular vote and of seats won by the parties tells the story:

Party	Vote	Seats
Conservative	42	61
Labour	28	32
Alliance	25	3.5

A substantial majority of Britons actually voted against the Conservatives. But they disagreed so among themselves that Mrs. Thatcher walked in.

The decline of the Labor Party is a most striking feature of the 1983 election. Just a few years ago its leaders spoke with confidence of Labor as "the natural party of government." Now it has lost moderates to the new Social Democratic Party, and the remaining Laborites are split by ideological wars.

Money Talks In the Art World

By GRACE GLUECK

"\$1 million has a very neat sound, but it has nothing to do with painting."
—Jasper Johns

"No one accuses me of ridiculing money, but beyond a certain point it becomes an abstraction."
—Norton Simon

"I won't be too long before we'll have a \$10 million painting," an art historian predicted the other day. "Is it all getting a little out of hand?" He was discussing the sexiest topic that can be broached in the art world — the topic of prices. And his question was one that's not exactly new to followers of the art market. "Getting out of hand" is a phrase heard more and more as prices for art works sold by dealers or at auction go up, up and up. At the very top, in the last three years, there have been a \$8.4 million Turner, a \$5.4 million Rubens, a \$6 million Velázquez, a \$5.3 million and a \$4 million Picasso, a \$3.2 million Samuel F. B. Morse and a \$5 million Leonardo notebook.

Only last month, in a 12-day spree of auction sales at Christie's and Sotheby Parke Bernet, buyers handed over a record high for an auction series — more than \$67 million — to acquire works ranging from Impressionist to Latin American, shattering auction records right and left for painters and schools of every stripe. A Degas pastel — not an oil — went for \$3.7 million; a Renoir for \$2.7 million, a Monet for \$2.6 million, a Cézanne for \$2.9 million. Even in the contemporary field, a de Kooning, bought by a New York dealer for a Texas collector, fetched \$1.2 million, and a work by the "hot" young painter Julian Schnabel brought \$93,000.

To be sure, these prices don't run above the highs paid for paintings over the last two decades — the Leonardo "Ginevra dei Benici" was bought for between \$5 million and \$6 million by Washington's National Gallery from Prince Franz Josef II of Liechtenstein in 1967, for example, and the Metropolitan Museum acquired its Velázquez, "Juan de Pareja" for \$5.5 million in 1971. Nor, taking the factor of inflation into account, do top art prices now depart very much from those paid by American millionaires in the 1920's and 30's. (In 1931,

thetic value? And doesn't the factor of big price, plus the fanfare that's made over it, tend to taint our "pure" esthetic transaction with works of art?

If there are answers to these questions, they aren't simple ones. Yes, the pictures are worth the money, in terms of what we pay for other luxury items in our society — homes, yachts, diamonds. But how can a price be put on a work of the imagination? Certainly not in terms of the man hours devoted to it, or the cost of its materials. Yet on the other hand, our culture has taught us to evaluate almost everything in market terms, and since art is sold on the market, we can't really see why it should be exempted. We know rationally that no relationship can be made between price and esthetic value. Still, we are imbued with the mercantile dictum, "You get what you pay for," and we tend to want assurance, from critics, cura-

is with increasing competitiveness. "In today's market if you're trying to build a collection of masterpieces, you just have to be willing to pay a premium for the scarcity of things," says Edmund P. Pillsbury, director of the rich young Kimbell Art Museum in Fort Worth, which in the last three years has bought a \$6.4 million Velázquez and a \$4 million Picasso. "You pay a price that reflects the market value, but also a premium for the very special and rare quality that makes it a picture people will travel to see. For things of top quality or great rarity, the price can be substantial."

In the contemporary field, overeager collectors must take the blame for price rises, according to the artist Robert Motherwell. "It's suddenly a much bigger art world than anyone could have dreamed of 30 years ago — the collecting audience today has increased by maybe 1,000 percent," he says. "Collectors buy art like rare stamps or expensive cars. They'll pay anything to get what they want. It's their rapaciousness, and not the greed of the artists, that makes high prices." And he adds, "If you compare painting prices today with those of ten years ago, it's exactly what's happened to Manhattan real estate. Is a one-room studio-apartment worth \$350,000? If people wouldn't buy, the prices would go down. Putting up prices is not a clever new strategy on the part of artists to make money; it's just that there's an infinite number of collectors who are willing to pay more for everything."

Inflation, of course, contributes to the rise in art prices, although most observers say that by itself inflation only keeps prices more or less proportionate to what they've been in the past. "When I went to the grocery store as a kid I bought a loaf of bread and a bottle of milk for 5 cents each," says the industrialist Norton Simon, who last month at a Sotheby Parke Bernet auction jointly acquired with the Getty Museum for \$3.74 million the Degas pastel, "Waiting," to be shown by turn at the Getty in Malibu and the Norton Simon Museum in Pasadena. "Our currency isn't what it used to be." Holding that competition between museums is less a factor in price rises than that among individuals for what he calls "Park Avenue pictures, some of them unworthy," he notes that although price movements had slowed down recently, "the uncertain stock market and the possibility of another rising inflationary period are driving them up again."

Yet there are pictures be'd gladly "pay \$10 million for, if available, pictures that really go beyond price," says Mr. Simon, whose joint acquisitions with the Getty undoubtedly save money by keeping each museum from bidding against the other. Among them are Rembrandt's "Self Portrait" and Goya's "The Forge," both owned by the Frick Collection in New York, and Renoir's "The Boating Party" at the Phillips Gallery in Washington, D.C.

There are many other reasons for price rises. Fashions in collecting, mostly unpredictable, play a role. English sporting pictures were once regarded as a bore, but today the interest of Paul Mellon and other collectors has sent their prices into the six-figure range. Good examples of 19th-century American art, spurned by collectors 25 years ago, today bring seven-figure prices, such as the \$3.2 million paid last year by Daniel Terra, President Reagan's Ambassador at Large for Cultural Affairs, for Samuel F. B. Morse's 1832 painting, "The Gallery of the Louvre." The market is also buttressed by the fact that spending large sums for art conveys prestige to the buyer. What's more, paying a very high price for a work by a particular artist or in a particular field can only enhance the value of a holding in that area. There is, for instance, already an intense concentration of work by Degas in the collection of Mr. Simon.

Another factor is "investment" buying on the part of certain individuals and corporations. But this is seen as much less prevalent today than in the late 1960's and 70's, when the stock market approach went so far as to engender the formation of several syndicates — most now extinct — to buy and hold works for appreciation in the



"L'Attente," a Degas pastel, purchased jointly by the Norton Simon and Getty museums in May.

Arts & Leisure

market? Yes, says the dealer Leo Castelli, because "the fact that people are seen willing to spend big money for art generates a feeling of optimism and confidence about the art market in general." Needless to say, contemporary prices are also boosted when a high figure is racked up by a contemporary work. Such was the case, according to Mr. Castelli, with the well-publicized figure of \$1 million paid by the Whitney Museum in 1980 for an early Jasper Johns painting, "Three Flags."

"Johns's prices tend to go up anyway," Mr. Castelli says. "The works are in constant demand and he produces them slowly. But where the \$1 million figure for 'Three Flags' has had its real effect is on prices for early Johns works on the secondary, or resale, market. Collectors who own early Johns works and feel obliged to sell will certainly be influenced by the high figure, Mr. Castelli points out, and it is known that some Johns works from this period have already brought more than \$1 million apiece at auction. But the \$1 million figure has had little impact on current Johns works, Mr. Castelli says, which have risen this year a normal 10 percent, ranging — according to size — from \$250,000 to \$450,000. "I try to keep prices down — we are after all pros, and we don't want them to run away," he adds.

The Julian Schnabel painting that sold for \$93,000 in the recent auction series — a sought-after work from 1979 in which broken crockery dominates — will undoubtedly also boost prices for this much-publicized young artist in the secondary market, says Mary Boone, his dealer. But she insists that prices for Mr. Schnabel's current work at her gallery — ranging from \$30,000 to \$60,000 depending on size and medium — remain uninflated by that market. "The reserve on that painting was \$45,000, and I'd have been happy if it had only gone over \$50,000," she says. "I'm not going to change Schnabel prices on the basis of it. My policy is to price conservatively so as to insure a strong secondary market."

Miss Boone brushed aside suggestions made by some observers that the Schnabel sale was a calculated attempt, with the aid of a "friendly" buyer, to establish a new price level for the artist. "It was a real price," she insists. "At least one underbid

came in by phone at \$80,000. The buyer, not a regular client of ours, had wanted a Schnabel painting of that kind for some time, and we didn't have one to sell her. If we were to indulge in complicity to boost the work of Schnabel or other artists at auction, it would take a staggering amount of time and money."

For up-and-coming artists not yet established, the dealer says, her strat-



Sotheby's recently sold this Manet for \$1.54 million.

egy is to keep prices very low, from \$2,000 to \$3,500 in the first show, depending on the size of the work — figures "comparable to the \$500 that the works of Jasper Johns and Robert Rauschenberg first sold for in the late 1950's," she notes. Even prices — now around \$5,000 to \$10,000 — for the work of Jean-Michel Basquiat, one of the gallery's new stars, were lowered from a range of from \$10,000 to \$15,000 when he joined the gallery to reflect what she felt was consistent with those of other artist in the gallery. "And of the entire context of prices today for living and dead artists,"

'Collectors buy art like rare stamps or expensive cars. It's their rapaciousness, and not the greed of the artists, that makes high prices,' says the painter Robert Motherwell.

Andrew Mellon gave \$1.2 million for Raphael's "Alba Madonna," now in the collection of the National Gallery of Art in Washington.)

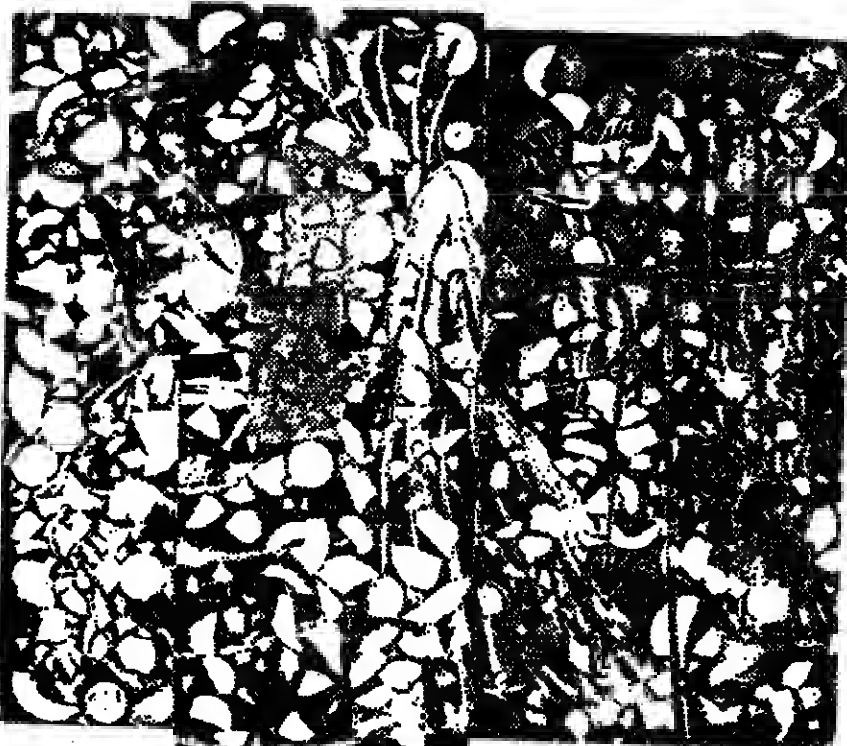
What's different today is the number of single transactions in the several millions of dollars, and the increasingly common view of art as a highly tradable commodity. That attitude began to catch on in the 1950's, when the sale of the Cognac collection at an auction in Paris set a new price standard for the works of the Impressionists and post-Impressionists. The sale, at which a Cézanne went for an unheard of \$113,000, evoked a gasp heard round the art world. It marked the beginning of a tremendous boom in the auction room status of the two schools, a boom that pushed up prices for modern art as well. And for more than 30 years — with various dips and slides — the overall trend of the art market has been up.

As prices have escalated, so too have complaints about them. The connection between money and art makes many people nervous. The ambivalent situation of art — the fact that it's the only form of esthetic production to have the status of both a tangible, take-home object and a work of the spirit — engenders confusion. The statement that prices are "getting out of hand" is really a euphemism for such questions as these: Is the work "worth" the kind of money it is commanding? Is there — can there be — a relationship between price and es-

tors and the like, that the artist is giving us our money's worth of vision.

To the question of whether high prices and their attendant publicity tend to interfere with our esthetic experience of a work, they do to the degree that we allow the price to function as a judgment overruling our own. And very often, we are bullied into doing just that. In his book, "Conversations With Painters," the veteran English journalist Noel Barber quotes the contemporary English artist, Jack Smith, who complains of "all the ridiculous false values that are placed on works of art. I would like all paintings to be free. I would like the artist to be given an annual salary so that his paintings could be given away to anybody who wanted them. A good painting is priceless and nobody can afford it really. But also, in the monetary sense of the word, it is valueless. Therefore I would like to take the money element out of art so that perhaps painting would be viewed in rather different terms."

Nevertheless, the fact is that art is sold in the marketplace, and it gets pricier all the time. And there are real "market" reasons why. Two of the most important are scarcity and rarity. To begin with, there has ever been an oversupply in any field (including the contemporary) of what one curator calls "masterpiece material," and over the last few decades, an expanding host of voracious museums and sophisticated private buyers has been vying for what there



Julian Schnabel's "Notre Dame" recently brought \$93,000 at auction — a price boost for a much-publicized young artist

Bank Hapoalim*

However you pronounce our name, we're the Bank to talk to.

As we've grown from Israel's major bank into one of the world's 100 leading banks, more and more businessmen are learning to pronounce our name.

They've discovered what Bank Hapoalim's full range of banking services can do for their corporate financing, trade flow and international transactions. They've learned how \$22.3 billion in assets can support their growth plans.

And they're finding, in 360 banking offices in 14 countries worldwide, specialists they can really talk to. Over 60 years experience is integrated into our customized approach to banking. That's why we're the bank that grants more loans than any other bank in Israel. And why we're among the world's top 50 banks in profitability.

And that's something to talk about.



Bank HapoalimSM
The bank to talk to.

Head Office: 50 Rothschild Blvd., Tel Aviv, Israel. Tel: (03)628111

New York • Los Angeles
Chicago • Philadelphia
Boston • Miami • Toronto

Montreal • London
Manchester • Paris
Zurich • Luxembourg

Buenos Aires • Sao Paulo
Caracas • Mexico City
Montevideo • Punta del Este

Panama City • Cayman Islands
And over 340 branches
of the group in Israel.

* Hebrew vowel markings. Pronounced: Bank Ha-poh-ah-leem.

WHEN I GO north for some reason, I always pay a visit to the Kibbutz Hazorea nursery. What makes this spot an attraction for me and many of my friends and readers is not just the plants. The two unique nurserymen of Hazorea, John Maurice and Larry El-Or, have endless interesting stories to offer and the most valuable professional advice.

My last visit, I went to John Maurice, who works on hundreds of miniature fruit trees for export. He raised them from seed or cuttings in a soilless (hydroponic) growing medium. "Something new to report?" I asked the white-haired, dedicated botanist.

"Yes, of course, we must always come with novelties," he said. "This time it's a new creation, which will soon appear in the local market: miniature, fruit-bearing pistachio trees — potted like ordinary house plants."

This is certainly good news for those who find pistachio nuts irresistible. Just imagine having a pistachio tree (*Pistacia vera*, *fistik halaby* in Hebrew) growing in your home or on your balcony. To create an ornamental plant, Maurice probably grafted *Pistacia vera* onto *Pistacia lentiscus*, an evergreen variety that grows wild in Israel. The new plant thus created offers evergreen beauty as a house plant and also produces edible fruit. You have to buy a male and a female tree to get pistachio nuts, and it takes several years for the pistachio to reach fruit-bearing maturity, but these trees will become a long-lasting attraction for the gardener, willing to care for a miniature orchard.

Larry El-Or also had other eye-catchers to show. "What kind of plant is this one?" he asked me with a smile.

"A cooifer," I answered.

"Bad!" he said. "Everybody

thinks it's a conifer, including the customs clerk at Ben-Gurion Airport. He confiscated all these plants and wanted to burn them. After the still unclear-up mass dying of the pines near Sha'ar-Hagai, customs got a flat order not to permit the import of conifers. Only when I showed a picture of this plant with a detailed description from an Australian gardening magazine, Larry continued, "did I persuade the customs man to allow these plants in."

This plant, which looks like a small cyprus tree or a *Thuya orientalis*, is a veronica (hebe), one of many ornamentals of the scrophulariaceae family, which also includes such well-known plants as calceolaria (slipper plant), pentstemon (bearded tongue), digitalis (foxglove), nemesis, antirrhinum (snapdragon), linaria (toadflax) and russelia.

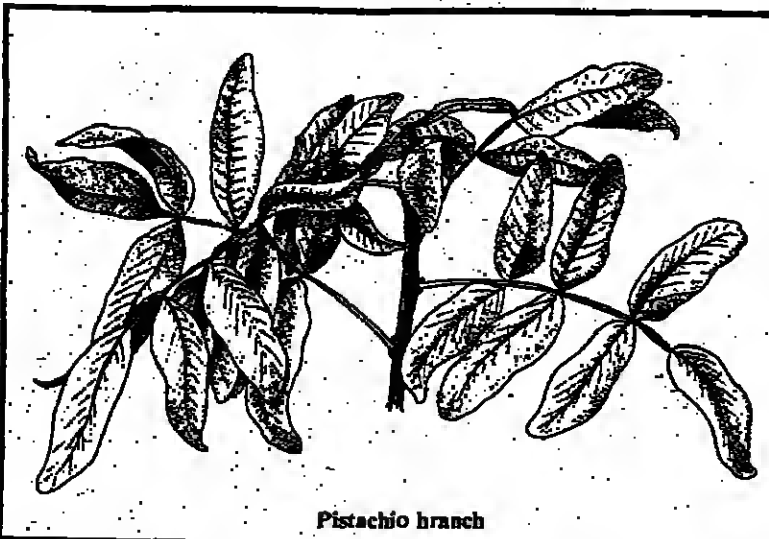
The homeland of this plant, *Veronica armstrongii*, is in the mountainous regions of Greenland, Iceland and Scandinavia. It also appears on the mountains of Scotland and central and southern Europe. Some species of veronica naturalized in North America and some grow wild in the Mediterranean region including Israel. Larry's *Veronica armstrongii* was imported from Holland. It bears little white flowers and can be easily propagated by division in spring or early autumn. It's suitable for hanging baskets.

Among El-Or's other novelties was a low-growing gerbera in lovely pastel colors, which goes by the name "happy pot." It is especially good for flowerpots or balcony boxes. He also offers young potted camellias and gardenias, "non-stop" flowering gladiolus in red, pink and yellow and tuberous begonias raised from seed.

"Where are all your lovely

Nifty novelties

GARDENER'S CORNER/Walter Frankl



Pistachio branch

fuchsias?" I asked.

"In Lebanon!" he answered. A "peace treaty" was signed with Hazorea before the politicians got around to theirs.

Nurserymen from Sidon, Tyre and Beirut loaded up vehicles with all kinds of house plants at Hazorea for cash in dollars.

"Why didn't they buy your fruit trees?" I asked.

"They said that as long as the shooting and shelling was going on, nobody wanted to plant fruit trees, but house plants they wouldn't do without — not even in time of war."

Next year, El-Or says, they will buy fruit trees, too.

JUNE is garden maintenance month — time to weed, hoe, feed, mulch and control insects. More frequent waterings also make this month a busy one. If your garden is fully planted, the problems of cultivation come to the fore. If you still have some empty spots, you may find some hints on how to fill them in the following.

Vegetables. Early this month warm weather crops may be planted everywhere in the country: tomatoes, peppers, eggplants,

cucumbers, squash, beans, sweet melons, okra, peanuts, sweet corn and sunflowers.

Beautiful assistant. Marigold (*tagetes*, *pirhel meshi* in Hebrew) is one of the easiest ornamentals to grow and a valuable assistant in pest control. Marigolds repel aphids and other pests and substances exuded from their roots will rid your garden of dangerous nematodes. Considerable variation is found in height, form and colour of this plant. New hybrid tagetes are available here as ready-to-plant seedlings or to grow from seed.

Marigolds are of two different types. The African strain grows about 30-40 cm. high and bears immense, super-double lemon, gold or orange blooms. It requires no staking because the stems are quite stiff. It's useful for the backgrounds of flower beds or for filling a gap in a sunny shrub corner. The French strain varies in height from "dwarfs" of 10 cm. to those growing 20 cm. high. This strain bears flowers in brilliant shades of yellow, orange, dark red and mahogany and in endless combinations of these colours, with some varieties coming with striped blooms. This strain is also suitable for flowerpots, balcony boxes and hanging baskets.

Marigolds are modest in their requirements. Ordinary (red) soil, some compost or dry cow manure and that's all. No chemical plant-food, no additional expenses.

Scatter the seeds thinly over the surface of a germinating box or a nursery frame and cover them with fine, sieved soil or sand. Then wet with a fine spray of water. Marigold seeds are very light and even a



Easy-to-grow watercress

moderate force of water from a hose or a sprinkler will wash them right out of the ground. Marigold seed germinates in about 8 days. Take care the soil surface doesn't dry out before the seedlings will be ready for transplanting.

Most Israeli nurseries are now offering tagetes plants in plastic cups. Plant them for a long-lasting colour decoration with 20-25 cm. between seedlings. Buy some more and transplant the surplus around your vegetable beds. You will be glad for their negative effect on nematodes, tiny worms that attack roots, greatly weakening plants and causing their foliage to turn yellow and wilt.

As soon as the first flower buds appear on your marigolds, don't hesitate to pinch them out. This will encourage the plants to grow

bushier and to produce more flowers.

Save tulip bulbs. Don't forget to remove all tulip bulbs from flower beds or containers and to store them in sawdust, dry peat moss or dry vermiculite until the next sowing season in October. Place them on a shelf in full shade and dust occasionally with sulphur powder against rot.

Go sprouting! Vegetarian restaurants are big on sprouts in their daily menus. Greengrocers, too, everywhere in Israel, sell fresh sprouts for about IS16 for 100g. Why not grow your own?

Clover, alfalfa, soya beans, mung beans, wheat, mustard, garden cress and other quick-germinating edible seed can be used to provide a tasty treat rich in vitamins A, B and C, not to mention generous quantities of calcium, iron, phosphorus, magnesium and many other vital minerals.

How to grow: Take a level tablespoonful of seed (its volume will increase up to 10 times by the time it is ready for eating) and place in an empty, clean glass jar. Cover with a muslin or cheesecloth top, secured by a rubber band. Fill with tepid water, shake thoroughly and drain. Repeat 2-3 times. Then just leave the jar lying on its side in light or darkness at a normal room temperature of about 20°C.

Repeat this process of filling with tepid water, shaking and draining twice daily until the sprouts are ready for eating, which generally is in 4-6 days. Sprouts may be eaten raw in salads or cooked. They are as versatile in their uses as they are good for you.

Disturbed evening

MUSIC / Yohanan Boehm

"THE MESSIAH," oratorio by G.F. Handel, conducted by the Orchestra Society of the Kibbutz Chamber Orchestra (Director: Uri Wiesel) conducted by Amos Meller with Hadasah Bar-Ilan, soprano; Hanna Tzur, alto; Victor Schwartz, tenor; Mordechai Shavron, bass; Binyamin Ha'ama Jernalek, June 9).

DEMONSTRATORS with placards and others distributing leaflets outside a concert hall are not necessarily worthy of comment, but this evening they were the first taste of unpleasant things to come. Young men repeatedly jumped up inside the hall during the oratorio to shout "shame" and otherwise disturb the proceedings. One young man took the Israeli flag from its stand on stage and threw it into the audience. Policemen dispersed in the hall moved the shouters but the atmosphere, as one waited for yet another interruption, was not conducive to concentrated listening.

Conductor, soloists, choir and orchestra must be commended for the calm away in which they carried on in spite of it all. The audience enthusiastically applauded each item,

breaking with the tradition of leaving applause to the end of a part. Some in the audience shouted back at the disturbers, and there was some scuffling.

The performance also suffered from its own deficiencies — dragging tempi and endless arias that are usually omitted. Most painfully, embarrassing was the inadequacy of the Israeli soloists.

The Utah Oratorio Choir, however, sang with precision, clear diction and pleasing sonorities. Though one would have wished for greater volume, the choir had a special cultured quality, pointing to responsible musical training and a long tradition.

Amos Meller valiantly kept all the forces together but lacked drive to tighten tempi and move at a brisker pace, which would have given the performance greater impact. The Kibbutz Chamber Orchestra fulfilled its task with responsibility and technical proficiency.

FREE—FOR—ALL

LISTENING IN...Ze'ev Schol

COULDN'T ESCAPE the feeling is weekend that a good many of senior politicians had problems lying upright. They had their feet tucked firmly in their mouth.

Let's take a look at some examples, not necessarily in the order of appearance. Haim Bar-Lev started furor by suggesting that certain rhetorical compromises be made in the Golan. Outraged Golan labour members were still mailing their party membership cards back Tel Aviv when Bar-Lev tried to do the damage by explaining that compromises did not necessarily mean a 50-50 deal, and that under circumstances would Labour abandon existing settlements, or like concessions that might endanger the security of the state. Concomitantly, the idea of territorial compromise was all in the party manifesto; it had been announced, cussed and approved so many times that he couldn't understand all the excitement was all out.

Then there was the "leak of the ek," with former Mossad chief Zviak Hoff saying, and at a closed session at that, that he did not think a prime minister could comprehend the significance of "raw" intelligence. Hoff suggested that the prime minister might secure the services of an intelligence adviser to digest the information for him, suggesting that the "Commander" lacked comprehension in military matters was *lese majeste* indeed. Fortunately attention was distracted by good old Simha Ehrlich, who popped out with the stalling as that he had, as acting prime minister, repeatedly been called on during the Lebanon campaign approve, post facto, certain military situations and moves.

Simha did not elaborate. He had to. The gauntlets were promptly picked up by the Alignment, which wanted a committee of inquiry and quieted down only after Akud spokesman suggested a set to look into lapses during the Dny and Yom Kippur wars as

Things did not stop there. A day later, Foreign Minister Yitzhak Shamir joined the crowd. And then there was Ariel Sharon, who also had a turn at shaking up the dishes in the china shop.

But what can one expect of a parliament in which nearly every other member of the ruling coalition happens to be a member of the cabinet? The question of how many cabinet members we have was posed by Gabi Gazit just before Thursday's four o'clock news on the Second Programme.

Ten listeners managed to phone in: all underestimated the total. The count now stands at 28, 20 of them full-fledged ministers and eight deputies. What annoyed me was Gazit berating us for our not knowing how many people we have huddled by the helm. Then it emerged that he did not know either. He had to phone a secretary at the prime minister's office who in turn had to consult a computer for the latest tally.

I MISSED the name of the young man who lorded over the "old shades" on the Second Programme Friday morning. He was still suffering from the after effects of the Binyamin Ha'ama fracas of the preceding night — the Handel's *Messiah* oratorio interrupted by a bunch of hooligans. He asked for phoned-in comments, and was deluged. There was more than one unemployed person than we know about.

The same disc jockey was still in a doomsday mood when we tuned back to him some time later. I have little patience for those who try to entertain us by reading newspapers to us. I think it's unfair competition. Besides, the information he had to convey was essentially black, including an item about 7,000 applicants for visas to the U.S., our economic plight, the doctors' strike and for dessert the Satmar rebbe.

He also told us that electricity came to Tel Aviv 60 years that ago that selfsame Friday. Which reminded me that I could pull the plug out. I did.

CONFERENCE PROGRAM

June 14, 1983

THE ECONOMIC FINANCIAL AND REGULATORY ENVIRONMENT

09.00-09.15 Opening Remarks
Yair E. Orgler, Dean, Faculty of Management, Tel Aviv University (Israel)

Session One
THE FINANCIAL AND ECONOMIC IMPACT OF MULTINATIONAL BANKS
Chairman: Yair E. Orgler, Tel Aviv University

09.15-10.00 THE ROLE OF BANKS IN THE INTERNATIONAL BANKING SYSTEM
Nancy Teeters, Governor, Board of Governors, Federal Reserve System (U.S.A.)

10.00-10.45 LIQUIDITY, CREDIT CREATION AND INTERNATIONAL BANKING: AN ECONOMETRIC INVESTIGATION
George McKenzie, University of Southampton (U.K.)
Stephen Thomas, University of Southampton (U.K.)

10.45-11.15 Coffee Break

Session Two
CREDIT RISK RECYCLING AND THE STABILITY OF THE INTERNATIONAL BANKING SYSTEM
Chairman: Moshe Zanbar, Former Governor of the Bank of Israel

11.15-12.00 INTERNATIONAL FINANCIAL INTERMEDIATION AND TRANSFER OF COUNTRY

RISK IN INTERNATIONAL BANKING

Tamir Agmon, Tel Aviv University (Israel)
J. Kimball Dietrich, University of Southern California (U.S.A.)

12.00-12.45 THE ROLE OF INTERNATIONAL BANKING IN THE OIL SURPLUS ADJUSTMENT PROCESS
Giorgio Szego, University of Bergamo (Italy)

12.45-14.45 Lunch
Guest Speaker: Mr. Gideon Platt, Minister of Trade and Industry

Session Three
THE CONTRIBUTION OF MULTI-NATIONAL BANKS TO THE ECONOMIES OF THEIR HOME AND HOST COUNTRIES
Chairman: Yona Goldrich (U.S.A.)

14.45-15.30 NORTH-SOUTH: THE IMPLICATIONS FOR MULTINATIONAL BANKING
Donald Lessard, M.I.T. (U.S.A.)

15.30-18.15 FINANCIAL INNOVATION, MULTINATIONAL BANKING, AND MONETARY POLICY
Jurg Niehans, University of Bern (Switzerland)

16.15-16.54 Coffee Break

16.54-17.30 BANK LENDING TO THIRD WORLD COUNTRIES IN THE 1980s
James Greene, Vice-Chairman, American Express International Banking Corporation (U.S.A.)

Note: The presentation of each paper will be followed by remarks by a discussant.

June 15, 1983

STRATEGY AND TACTICS OF MULTINATIONAL BANKING

Session Four
THE IMPACT OF U.S. BANKING REGULATIONS ON INTERNATIONAL BANKING
Chairman: Yakir Plessner, Deputy Governor, Bank of Israel

09.00-09.45 U.S. FINANCIAL DEREGULATION: UPHEAVAL AND PROMISE
John Tonell, President, Manufacturers Hanover Trust Company (U.S.A.)

09.45-10.30 U.S. BANKING REGULATIONS AND FOREIGN BANK'S ENTRY INTO THE UNITED STATES
David Walker, Georgetown University (U.S.A.)

10.30-11.00 Coffee Break

Session Five
MULTINATIONAL BANKING AND INTERNATIONAL BUSINESS ACTIVITIES
Chairman: Arnon Gefni, Former Governor of the Bank of Israel

11.00-11.45 INTERNATIONAL BANKS AS LEADERS OR FOLLOWERS OF INTERNATIONAL BUSINESS ACTIVITIES: AN HISTORICAL PERSPECTIVE

Charles Kindleberger, M.I.T. (U.S.A.)

11.45-12.30 PROTECTIONISM AND INTERNATIONAL BANKING: SECTORAL EFFICIENCY, COMPETITIVE STRUCTURE AND NATIONAL POLICY
Peter Gray, Rutgers University (U.S.A.)
Ingo Walter, New York University (U.S.A.)

12.30-14.30 Lunch
Guest Speaker: Hon. Moshe Arens, Minister of Defence

Session Six
MULTINATIONAL BANKING IN TURBULENT TIMES — SUMMARY AND OVERVIEW
Chairman: Aheron Meir, Managing Director, United Mizrahi Bank Ltd. (Israel)

14.30-15.15 THE EFFECTS OF POLITICAL, ECONOMIC AND INSTITUTIONAL DEVELOPMENTS ON INTERNATIONAL BANKS
John Helmann, Werburg, Perbus, Becker, Inc. (U.S.A.) (former Comptroller of the Currency)

15.15-16.00 FINANCIAL INNOVATION AND MULTINATIONAL BANKING IN THE 1980s
Richard Zechar, Chief Economist, Chase Manhattan Bank (U.S.A.)

16.00-16.15 Concluding Remarks
Aheron Meir
Note: The presentation of each paper will be followed by remarks by a discussant.

Greet Participants in the International Conference on Multinational Banking Tel Aviv, June 14-15, 1983

GALA OPENING

Monday, June 13, 7.30 p.m.
at the Jerusalem Theatre

- * Reading from the Psalms
- * Opening remarks:
On behalf of the government —
Dr. Yosef Burg, Minister of the Interior and Minister of Religious Affairs
Teddy Kollek, Mayor of Jerusalem
Prof. Y. Dinstein — Rector of Tel Aviv University
Aheron Meir, Managing Director of United Mizrahi Bank
- * Jerusalem Symphony Orchestra — IBA
Conductor: Lukas Foss
Beethoven — The Seventh Symphony
- * Prof. A. Barnes — the Israel Capital Market
- * "Jerusalem" — Audio-visual Presentation
- Master of Ceremonies — Arye Orgad
- Invitations admit two

CONFERENCE PROGRAM

June 14, 1983

THE ECONOMIC FINANCIAL AND REGULATORY ENVIRONMENT

09.00-09.15 Opening Remarks
Yair E. Orgler, Dean, Faculty of Management, Tel Aviv University (Israel)

Session One
THE FINANCIAL AND ECONOMIC IMPACT OF MULTINATIONAL BANKS
Chairman: Yair E. Orgler, Tel Aviv University

09.15-10.00 THE ROLE OF BANKS IN THE INTERNATIONAL BANKING SYSTEM
Nancy Teeters, Governor, Board of Governors, Federal Reserve System (U.S.A.)

10.00-10.45 LIQUIDITY, CREDIT CREATION AND INTERNATIONAL BANKING: AN ECONOMETRIC INVESTIGATION
George McKenzie, University of Southampton (U.K.)
Stephen Thomas, University of Southampton (U.K.)

10.45-11.15 Coffee Break

Session Two
CREDIT RISK RECYCLING AND THE STABILITY OF THE INTERNATIONAL BANKING SYSTEM
Chairman: Moshe Zanbar, Former Governor of the Bank of Israel

11.15-12.00 INTERNATIONAL FINANCIAL INTERMEDIATION AND TRANSFER OF COUNTRY

RISK IN INTERNATIONAL BANKING

Tamir Agmon, Tel Aviv University (Israel)
J. Kimball Dietrich, University of Southern California (U.S.A.)

12.00-12.45 THE ROLE OF INTERNATIONAL BANKING IN THE OIL SURPLUS ADJUSTMENT PROCESS
Giorgio Szego, University of Bergamo (Italy)

12.45-14.45 Lunch
Guest Speaker: Mr. Gideon Platt, Minister of Trade and Industry

Session Three
THE CONTRIBUTION OF MULTI-NATIONAL BANKS TO THE ECONOMIES OF THEIR HOME AND HOST COUNTRIES
Chairman: Yona Goldrich (U.S.A.)

14.45-15.30 NORTH-SOUTH: THE IMPLICATIONS FOR MULTINATIONAL BANKING
Donald Lessard, M.I.T. (U.S.A.)

15.30-18.15 FINANCIAL INNOVATION, MULTINATIONAL BANKING, AND MONETARY POLICY
Jurg Niehans, University of Bern (Switzerland)

16.15-16.54 Coffee Break

16.54-17.30 BANK LENDING TO THIRD WORLD COUNTRIES IN THE 1980s
James Greene, Vice-Chairman, American Express International Banking Corporation (U.S.A.)

Note: The presentation of each paper will be followed by remarks by a discussant.

June 15, 1983

STRATEGY AND TACTICS OF MULTINATIONAL BANKING

Session Four
THE IMPACT OF U.S. BANKING REGULATIONS ON INTERNATIONAL BANKING
Chairman: Yakir Plessner, Deputy Governor, Bank of Israel

09.00-09.45 U.S. FINANCIAL DEREGULATION: UPHEAVAL AND PROMISE
John Tonell, President, Manufacturers Hanover Trust Company (U.S.A.)

09.45-10.30 U.S. BANKING REGULATIONS AND FOREIGN BANK'S ENTRY INTO THE UNITED STATES
David Walker, Georgetown University (U.S.A.)

10.30-11.00 Coffee Break

Session Five
MULTINATIONAL BANKING AND INTERNATIONAL BUSINESS ACTIVITIES
Chairman: Arnon Gefni, Former Governor of the Bank of Israel

11.00-11.45 INTERNATIONAL BANKS AS LEADERS OR FOLLOWERS OF INTERNATIONAL BUSINESS ACTIVITIES: AN HISTORICAL PERSPECTIVE

Charles Kindleberger, M.I.T. (U.S.A.)

11.45-12.30 PROTECTIONISM AND INTERNATIONAL BANKING: SECTORAL EFFICIENCY, COMPETITIVE STRUCTURE AND NATIONAL POLICY
Peter Gray, Rutgers University (U.S.A.)
Ingo Walter, New York University (U.S.A.)

12.30-14.30 Lunch
Guest Speaker: Hon. Moshe Arens, Minister of Defence

Session Six
MULTINATIONAL BANKING IN TURBULENT TIMES — SUMMARY AND OVERVIEW
Chairman: Aheron Meir, Managing Director, United Mizrahi Bank Ltd. (Israel)

14.30-15.15 THE EFFECTS OF POLITICAL, ECONOMIC AND INSTITUTIONAL DEVELOPMENTS ON INTERNATIONAL BANKS
John Helmann, Werburg, Perbus, Becker, Inc. (U.S.A.) (former Comptroller of the Currency)

15.15-16.00 FINANCIAL INNOVATION AND MULTINATIONAL BANKING IN THE 1980s
Richard Zechar, Chief Economist, Chase Manhattan Bank (U.S.A.)

16.00-16.15 Concluding Remarks
Aheron Meir
Note: The presentation of each paper will be followed by remarks by a discussant.

Shares resume upward climb

TEL AVIV. In keeping with optimistic expectations, the share market yesterday resumed the advance it had begun earlier this month. The Volatility Index stood at 1.35, showing that sharply gaining prices outpaced major losers by a margin of 3:1. Along the way the main Share Index, commercial shares excepted, posted an advance of 1.35%.

There were 11 "buyers only" shares, compared with only 5 "sellers only." There were 83 shares which ran ahead by more than 1%, while only 28 fell by more than 1%.

Among the factors working for a

Tel Aviv Stock Exchange

By JOSEPH MORGENSTERN

positive market performance one must include the lessening of tension on the northern border, less fear of a major devaluation of the shekel and the current mutual fund sales drives, which feature the sale of the units without the conventional markups.

Amnonim, in the land development and real estate group, debuted on the stock exchange yesterday.

CLASSIFIEDS

NDAY/WEDNESDAY RATES: Minimum of IS 395.20* for 8 words; each additional word IS 49.40* FRIDAY and HOLIDAY RATE: Minimum of IS 500* for 8 words; each additional word IS 57.50*. All rates include VAT. ADLINES at our offices: Jerusalem: Monday/Wednesday - 10 a.m. previous Friday - 5 p.m. on Wednesday, Tel Aviv: Monday/Wednesday - 12 noon, 2 days before publication. Ads accepted at offices of The Jerusalem Post as mentioned on back of ad and all recognized advertising agencies. *Subject to change.

BUSINESS OFFERS

SALE: Major Appliance Service. Offers: Tel. 02-532117/1738 or 02-532582.

DWELLINGS

CRIST, Rehavia, 3 rooms, 4th floor, fully fitted, immediate, Tel. 02-699849.

MOT, 3-room flat, separate entrance, only 1st floor, parking nearby, central air, Call Tirza 02-663821 (home), 02-81234 (work).

SALE OR RENT: 5 large rooms, Rehov (Jerusalem), Tel. 02-42795, not Shabbat.

TEL AVIV

RTH TEL AVIV apartment rentals, best specialists: Inter-Israel, Tel. 03-411.

ITAL, RAMAT AVIV, near University, 2 bedrooms, dining, Tel. 02-241845.

HERZLIYA

LUSIVE 4, 4-bedroom villa, for rent in best part of Herzliya Pituah, "Moran," Tel. 052-72759.

NETANYA

ALL YOURS sales/rentals, short/long term, contact Anglo-Saxon Netanya, Tel. 053-811.

BIL GREENBERG RENTALS, short term, furnished/unfurnished, 2 U.S. in St., Tel. 053-32558.

INSURANCE

WHIST RATES, household, business, life insurance, free quote to English, GOSHEN, 03-717611.

PURCHASE/SALE

RI-HIVER - RSSL Digital synthesizer ex. JVC, KDA38 stereo cassette deck, JVC 55 direct drive turntable, 2 Wharfedale SP2 speakers, all in peak. Tel. 052-78764.

ZOA HOUSE

ISRAEL DAIRY BOARD (Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm offers to be submitted to our Office by 9 a.m. on June 23, 1983, valid until June 24, 1983.

The Board does not undertake to accept the lowest or any offer, or to order the entire quantity.

Zvi Gur-Arie

Managing Director

ISRAEL DAIRY BOARD

(Production and Marketing)

Tel Aviv 64734 - 2 Kaplan St., P.O.B. 20035

Telephone: 258418-20, 258387

Telex: 341118 (BXTV IL), Ext. 5188

TENDER NO. 5/1983 - SKIM MILK POWDER

Firm offers are invited for the import of 500 Metric Tons of SKIM MILK POWDER, Low Heat, in accordance with specifications obtainable from the Board.

Goods to arrive at an Israeli Port during August 1983.

Firm

Ari Rath
Editor and
Managing Director

**THE JERUSALEM
POST**

Erwin Frenkel
Editor

Founded in 1932 by GERSHON AGRON, who was Editor until 1955. Editor 1955-1974 TED LURIE. Editor 1974-1975 LEA BEN DOR. EDITORIAL OFFICES AND ADMINISTRATION The Jerusalem Post Building, Ramat, Jerusalem P.O. Box 81 (91000) Telephone 528181. Telex 26121. TEL AVIV 11 Rehov Carlebach, P.O. Box 20126 (61201) Telephone 294222. HAIFA 16 Rehov Nordau, Hadar Hacarmel, P.O. Box 4810 (31047) Telephone 645444. Published daily, except Saturdays, in Jerusalem, Israel by The Palestine Post Ltd. Printed by The Jerusalem Post Press in Jerusalem. Registered at the G.P.O. Copyright of all material reserved, reproduction permitted only by arrangement.

Tammuz 2, 5743 • Ramadan 3, 1403

War of attrition

THE CURRENT debate over the formation of a commission of inquiry into the functioning of the government in the Lebanese war has tended to create the impression that people's interest today focuses on the goings-on across the northern border last June. In fact what is uppermost in the minds of Israelis is the rising Israeli death toll in Lebanon this June. The toll rose to 500 with the terrorist killing of three more Israeli soldiers in the vicinity of Tyre last Friday. And yesterday two more men were wounded by two bombs in Aley.

What can be done about such incidents? Precautions are certainly being taken, and it is reported that scores of recent attempted attacks have been nipped in the bud. But it is little consolation to learn that only a few such attempts are being carried to fruition.

Before the launching of Operation Peace for Galilee there were known PLO targets in Lebanon, which the IDF could pounce upon in retaliation or to prevent the recurrence of incidents. Had three Israeli civilians in a Galilee settlement been killed by PLO rockets at any time during the brief life of the cease-fire concluded in the summer of 1981, the IDF would probably have lost little time driving into Lebanon to teach the terrorists a lesson in their bases.

But as a result of the IDF's triumph in the war there are no such bases today in the Lebanese areas controlled by Israel. To be sure, there are terrorist concentrations in the Syrian-dominated Bekaa, from which attacks on Israeli soldiers sometimes emanate. But to hit back at them would involve this country in a fresh war with Syria, which it is presumably anxious to avoid.

Not all terrorist assaults, however, are a PLO initiative: according to MK Yitzhak Rabin, some are perpetrated by Lebanese. Some of the Lebanese are doubtless Druse egged on by their rejectionist leader, Walid Jumblatt. But there are others as well, especially in the coastal area, where Tyre is located. There is, in other words, no simple way of dealing with these killers, so long as Israel remains in Lebanon.

True, after the Six Day War the IDF developed some fairly effective methods of handling terrorists. The stamping out of the PLO in the Gaza Strip was the most notable example. But no one in his right mind would propose that the Gaza model be applied to Lebanon today.

The logic of the situation urges an early Israeli withdrawal from Lebanon. The only argument in favour of a continued Israeli presence is that it acts as an inducement for the Syrians to pull their own, and the PLO's, forces out of Lebanon, in line with the basic assumption of the Israel-Lebanese agreement. But Damascus has now made it plain enough that its rejection of the agreement is not a matter of tactics but of strategy.

In other words, Syria will only pull out if the agreement is scrapped, or other conditions are fulfilled — perhaps touching on the future of the Golan Heights — that Israel would dismiss out of hand.

An Israeli withdrawal must be made in due consultation with the U.S. and Lebanese governments. But these governments cannot simply cast a veto on an Israeli withdrawal. This is what a high official in Jerusalem has suggested, setting for the first time a three-week deadline on a Syrian change of mind.

What the official was evidently referring to was Israeli deployment along some such line as that of the Awali River. The creation of an Israeli enclave some 45 kms. from the border would be presented as implementation of the first phase of the agreement with Lebanon. But this also cannot be considered a permanent line, for it remains hostile territory. Israel's best strategy under the circumstances that have been created is to plan, in consultation with the U.S. — if that is possible given their penchant for wishful thinking, while Israeli boys fall — an ultimate pullback to the international boundary.

POSTSCRIPTS

PS JACOB FISHMAN, the 70-year-old chief rabbi of Moscow who died last Monday, was well-known to numerous Jewish visitors from abroad who crowded his Central Moscow Synagogue. Some Israelis met him at the 1978 Warsaw ghetto memorial ceremony, and they remember him as a tall, impressive, white-bearded patriarch, endowed with a powerful and melodious voice.

Fishman, a former industrial worker, was well-known for his "correct" relations with the Soviet authorities. He firmly believed that "when Soviet Jews leave for Western countries they disgrace the Soviet Union." In a telephone conversation in October 1981, Fishman warned Shlomo Goren, then chief rabbi, that "if Soviet Jews choose to emigrate to countries around the world instead of Israel, then the Soviet authorities won't let any Jew leave."

It is a pity that this warning was not sufficiently heeded.

A.Z.

PS A BROTHER and sister abandoned in a coin laundry 21 years ago have been reunited with their mother, the Associated Press reports from Baton Rouge, Louisiana.

"I feel like this is just a chance to be able to stop some hurt that's been going on for a few years," said David Matson, 33, at the reunion at the city's airport.

Matson, of Baton Rouge, and his sister, Deborah Hale, a Houston police officer, were reunited in April and set out to find their mother, who left them in diapers in a coin laundry in Baton Rouge on April 4, 1962. He was then two and his sister 11 months. When they found her and finally met, tears streamed down her face.

"I'm just going to enjoy them while they're here," said Ruby Lamb. She didn't want to talk about the morning she abandoned the children, saying only that she and her husband had been unemployed and out of money, without even enough to feed the children.

ASK ANYONE about the number of wars Israel has been through, and the usual reply you will get, both in this country and abroad, is six: the War of Independence in 1948, the Sinai Campaign in 1956, the Six Day War in 1967, the War of Attrition in 1969-70, the Yom Kippur War in 1973, and the Lebanon War of 1982-3.

By dint of repetition, the impression has gained ground, in Israel and abroad, that in the intervals between the six wars Israel lived in peace, or almost in peace — an impression from which we and others have been inevitably driven to deduce two major and extremely serious conclusions.

One conclusion, plausible enough, is that if a state has been involved in as many as six wars during a brief period of 35 years, it is most unlikely that every war was caused by others; to some degree, at least, the state in question must itself be at fault.

The second conclusion is that during the intervals of peace, there should be the same limits on government power, the same permissive standards and the same unbridled opposition as is usual in contemporary Western democracies in times of peace.

Both conclusions are indeed widely accepted and have caused Israel untold harm. Western observers expect of Israel the same, or even higher, norms of behaviour as those which their own societies are meant to observe under normal conditions. They do not compare Israeli standards with the far more stringent norms that prevailed in Western democracies in times of war — as in the cases of Sweden and Switzerland when they themselves

were neutral but were surrounded by war. In Israel, many voice the same demands. Stimulated by a seemingly unstoppable inflation, the people merrily play the game of self-indulgence and conspicuous consumption, all of which they claim as their due, rather than exhibit the relative self-discipline that should characterize periods of critical warfare.

To some extent, Israeli authorities are themselves responsible for the false impression and the conclusions that follow from it. Unhappily (and partly acting on the basis of a mistaken and unrealistic reading of international law) Israeli authorities went on speaking of the several wars, when in fact and in law Israel was — and still is — engaged in the one war declared against it by Arab states. All of these states, with the exception of Egypt, still consider themselves in a state of war with Israel. Should Lebanon ratify its recent agreement with Israel and should this agreement actually come into effect, Lebanon would become the second exception.

And while entertaining no illusions that Egypt's peace with Israel is as certain and cordial as that between Belgium and Holland, or Lebanon's peace as stable as that between Sweden and Norway, these exceptions are extremely welcome.

Additionally, if extrapolation into the past from present observation and experiment is a fruitless, unscientific and metaphysical exercise, then large parts of astrophysics would have to be abandoned. These would include study of the origin and development of the sun and stars, the planets and solar system, nebulae, galaxies, the universe. In addition, aspects of geochronology, geophysics, paleontology, paleoecology, paleogeography, paleoclimatology, paleoanthropology, paleopsychology, history, etc. would all be unacceptable endeavors. I am sure that Dr. Branover didn't intend to subvert and discredit so large a part of the human intellectual adventure. The inadequacy of the fossil record as a support for evolutionary theory is cited, especially as regards missing intermediate forms. A good deal of the undeniable spottiness (which is incidentally far from fatal to the theory) is due to the plain difficulty and expense of fossil hunting. Also the earth is not quiet. Mountains rise, rifts crack and shift, volcanoes explode, glaciers grind, meteors fall (very large ones occasionally), oceans rise and fall, disappear and reappear, continents move. Consequently the fossil record is like a book many of whose pages are torn out, lost, torn up, out of sequence, unnaturally recombined and with all the numbers missing.

One of the leading exponents of the latter viewpoint is Dr. Sir Fred Hoyle at Oxford. His calculations were shown to be unrealistic at least to the extent that they included no component allowing for autocatalysis. That is, that chemicals can act to assemble themselves, in an increasingly rapid fashion, into more and more complicated hierarchies leading to cell-like structures. Very important work in this field has been done in recent years by Dr. Manfred Eigen at Göttingen.

Also, to hoist Dr. Branover by his own petard, with the assertion that the original conditions which governed the early earth cannot be known, one led inevitably to conclude that the probability calculations which he cites can, in any case, be of no value whatever. This is because such calculations would

be based on assumptions which are themselves the subject of dispute. The "disgraceful episode" is the doctors' strike now entering its fourth month is one of the saddest and most disgraceful episodes in the short history of the present government who must basically bear full responsibility for whatever negative results may eventually ensue.

The Finance Minister succeeded in finding the necessary money for less important projects which did not affect the health of the nation. But naturally there is no voice threatening to bring down the government in this case, even the Agudat Yisrael faction is silent. The Finance Minister, who is too vain and arrogant to compromise his obvious error of judgment in this instance, must bear full responsibility for any negative results, together with the Prime Minister who has apparently become deaf-mute and prefers to give the Finance Minister free reign, as he did with Sharon during the Lebanese campaign. They are oblivious to the suffering and harm which is being perpetrated on our citizens and appear interested only in pursuing their ideological policies costing the country billions which should be devoted to the health and social security of the nation.

Our Health Minister has proved himself incapable of bandaging this matter and should perhaps resign and leave it to his successor to bring

to a successful conclusion. But what is the Labour opposition doing to force the government's hand and what is the Histadrut doing? Both should long ago already have come out more strongly and exerted pressure. What is Kupat Holim, whose doctors are striking, doing in this dispute, other than taking their members' fees without providing the services which they are contractually obligated to provide?

Lastly, why has the suffering Israeli public, always ready to demonstrate or strike "at the drop of a hat," not shown its disapproval and support for the doctors? The doctors, who at first enjoyed the support of the great majority of the public, have lost sympathy recently by going too far and forgetting their moral obligations as doctors and their Hippocratic oath.

Now is the time for both the doctors and the government to settle their differences without delay and before it is too late. Their joint actions thus far do not redound to the credit of either party despite the fact that the doctors' salaries are worthy of more sympathetic consideration.

J. S. GRUSS
Ra'anana.

SEMANTIC TRAP

By BENJAMIN AZKIN

were neutral but were surrounded by war.

In Israel, many voice the same demands. Stimulated by a seemingly unstoppable inflation, the people merrily play the game of self-indulgence and conspicuous consumption, all of which they claim as their due, rather than exhibit the relative self-discipline that should characterize periods of critical warfare.

To some extent, Israeli authorities are themselves responsible for the false impression and the conclusions that follow from it. Unhappily (and partly acting on the basis of a mistaken and unrealistic reading of international law) Israeli authorities went on speaking of the several wars, when in fact and in law Israel was — and still is — engaged in the one war declared against it by Arab states. All of these states, with the exception of Egypt, still consider themselves in a state of war with Israel. Should Lebanon ratify its recent agreement with Israel and should this agreement actually come into effect, Lebanon would become the second exception.

And while entertaining no illusions that Egypt's peace with Israel is as certain and cordial as that between Belgium and Holland, or Lebanon's peace as stable as that between Sweden and Norway, these exceptions are extremely welcome.

Additionally, if extrapolation into the past from present observation and experiment is a fruitless, unscientific and metaphysical exercise, then large parts of astrophysics would have to be abandoned. These would include study of the origin and development of the sun and stars, the planets and solar system, nebulae, galaxies, the universe. In addition, aspects of geochronology, geophysics, paleontology, paleoecology, paleogeography, paleoclimatology, paleoanthropology, paleopsychology, history, etc. would all be unacceptable endeavors. I am sure that Dr. Branover didn't intend to subvert and discredit so large a part of the human intellectual adventure. The inadequacy of the fossil record as a support for evolutionary theory is cited, especially as regards missing intermediate forms. A good deal of the undeniable spottiness (which is incidentally far from fatal to the theory) is due to the plain difficulty and expense of fossil hunting. Also the earth is not quiet. Mountains rise, rifts crack and shift, volcanoes explode, glaciers grind, meteors fall (very large ones occasionally), oceans rise and fall, disappear and reappear, continents move. Consequently the fossil record is like a book many of whose pages are torn out, lost, torn up, out of sequence, unnaturally recombined and with all the numbers missing.

One of the leading exponents of the latter viewpoint is Dr. Sir Fred Hoyle at Oxford. His calculations were shown to be unrealistic at least to the extent that they included no component allowing for autocatalysis. That is, that chemicals can act to assemble themselves, in an increasingly rapid fashion, into more and more complicated hierarchies leading to cell-like structures. Very important work in this field has been done in recent years by Dr. Manfred Eigen at Göttingen.

Also, to hoist Dr. Branover by his own petard, with the assertion that the original conditions which governed the early earth cannot be known, one led inevitably to conclude that the probability calculations which he cites can, in any case, be of no value whatever. This is because such calculations would

be based on assumptions which are themselves the subject of dispute. The "disgraceful episode" is the doctors' strike now entering its fourth month is one of the saddest and most disgraceful episodes in the short history of the present government who must basically bear full responsibility for whatever negative results may eventually ensue.

The Finance Minister succeeded in finding the necessary money for less important projects which did not affect the health of the nation. But naturally there is no voice threatening to bring down the government in this case, even the Agudat Yisrael faction is silent. The Finance Minister, who is too vain and arrogant to compromise his obvious error of judgment in this instance, must bear full responsibility for any negative results, together with the Prime Minister who has apparently become deaf-mute and prefers to give the Finance Minister free reign, as he did with Sharon during the Lebanese campaign. They are oblivious to the suffering and harm which is being perpetrated on our citizens and appear interested only in pursuing their ideological policies costing the country billions which should be devoted to the health and social security of the nation.

Our Health Minister has proved himself incapable of bandaging this matter and should perhaps resign and leave it to his successor to bring

to a successful conclusion. But what is the Labour opposition doing to force the government's hand and what is the Histadrut doing? Both should long ago already have come out more strongly and exerted pressure. What is Kupat Holim, whose doctors are striking, doing in this dispute, other than taking their members' fees without providing the services which they are contractually obligated to provide?

Lastly, why has the suffering Israeli public, always ready to demonstrate or strike "at the drop of a hat," not shown its disapproval and support for the doctors? The doctors, who at first enjoyed the support of the great majority of the public, have lost sympathy recently by going too far and forgetting their moral obligations as doctors and their Hippocratic oath.

Now is the time for both the doctors and the government to settle their differences without delay and before it is too late. Their joint actions thus far do not redound to the credit of either party despite the fact that the doctors' salaries are worthy of more sympathetic consideration.

J. S. GRUSS
Ra'anana.

both in themselves and because they may engender further progress in this direction. But otherwise Israel is unfortunately engaged in a 35-year-old war.

THE EVENTS usually referred to as six wars are in truth six major military campaigns waged in the course of this single-war. Between these campaigns, the war was marked by armistice and cease-fire agreements, sometimes respected, more often violated, but the state of war continued throughout.

It was not only a formal state of war. Economic warfare, including a world-wide secondary boycott of Israel, went on incessantly. So did the propaganda war, aimed not just at depriving Israel of this or that piece of land, but at its total delegitimization and ultimate destruction. So did the efforts to exclude it from the international community. And so did the use of violence against it in the form of "minor," but systematic, raids into Israel, by terrorist attacks on Israel's population, and by similar attacks on Israel-connected objectives all over the world.

It is much more one war than was, for example, the 30-year war in 17th century Europe, or the 100-year war between England and France in the Middle Ages, when there were long periods of relative quiet between the major battles, but tension and

sing. That holes can be seen in the evolutionary pattern is high praise indeed to those who have been patiently reassembling it.

However, completely aside from the geological fossils and their meaning, a good theory of animal (and human) origins would have to explain, for example, why an antibody prepared so as to react specifically against a single sort of protein from a single species of animal, will also react against the analogous proteins from more and more distant species of animals, but in diminishing strength. And this decrease in strength is in close concordance with the relative evolutionary distance of these animals as originally deduced from the fossil record. It would also have to explain why whole varieties of protein types, such as hemoglobins, cytochromes, albumins, immunoglobulins, and many others, coming from the huge diversity of animals, plants, bacteria, fish, even insects and worms, all show such powerful evidence of common ancestry from an original hemoglobin, cytochrome, etc. These purely experimental findings are compelling evidence for an evolutionary past.

There is much, much more to all this than space allows. So one final point. In no place in Dr. Branover's article does he even remotely hint at an alternative, superior theory, in the scientific sense. Chances are very good that he doesn't have one, and a cardinal rule of the scientific method is that a new, superior and detailed theory must be offered before an older, unsatisfactory theory can be discarded. In addition, his bald suggestion that evolutionary biologists are motivated by godlessness, Marxist prejudices or blind faith is a gross injustice, bordering on calumny, done to people who are in general trying at least as hard as is Dr. Branover to be intellectually honest.

PATRICK FRANK, PH.D.
Rehovot.

Sir, — As a second-time pilgrim to this remarkable city of vibrant modernity that is struggling to rise out of the ruins and rubble of an antiquity that persistently wars us to heed timeless truth, I deeply appreciate your publishing an article like "Evolution and the Specious."

Since secular humanism has indeed become the dominant ideology in our Western culture, and has made a religious, not scientific, commitment to the theories of evolution, it is difficult for those of us who disagree to gain a hearing for our logical arguments, which we are convinced undermine and seriously question the unscientific determinism of secular evolution.

I suspect that you will receive emotional responses on both sides of this issue. Thank you for giving publicity to Professor Branover's fine paper.

GEORGE J. SCHILLING
Jerusalem (Cottonwood, Arizona).

insecurity prevailed throughout.

It is pointless, therefore, to investigate which individual acts of violence on either side constitute "aggression." In the course of a war there is no aggression, but merely advance or retreat, military action or relative quiet. It is starting a war that is the aggression under modern international law, and this aggression was committed by the Arab states in 1948, as clearly acknowledged by the long-forgotten resolutions of the Security Council adopted between 1948 and 1951, and by those member-states of the Arab League which joined the war subsequently.

Except for Egypt and — hopefully — Lebanon, this aggression still continues. This basic violation of international law was aggravated in the case of most Arab states by their refusal to enter into peace negotiations, and this despite the inherent illegality of war and the express stipulation of the 1949 armistice agreements and of some later undertakings. Aside from that, transgressions against the laws of war were repeatedly committed by Arab states and, very possibly, by Israel as well.

FALLING into this semantic trap of multiple wars, the authorities and the public in Israel have unthinkingly weakened both their own case and their confidence in it. But this

has not been the only kind. By light-heartedness the Jordanian term "Wahid" instead of the "Mandate" historical appellation of Jewish Samaria, they have seriously jeopardized, as far as world public opinion is concerned, any claims they wish to lay to the areas or parts thereof.

Also, by acceding to the Arab play whereby Palestine Arabs are the only ones entitled to be considered "Palestinians," the first one to notice the trap was several of her more sophisticated colleagues (fell into it). Many have taken a gigantic step toward delegitimizing the Jewish state and the very presence of Jews in the land.

Aside from the international repercussions of the six-year legend, its internal effects are least as dangerous. Why, indeed, demand of the population measure of self-restraint in national solidarity in times other than those of actual battle, if during those times Israel lives in a bloody state of peace?

The writer is emeritus professor of political science and constitutional law at the Hebrew University of Jerusalem.

CORRECTION

In Gideon Rafael's article "Where the U.S. erred," on Friday June 10, the last sentence in the penultimate paragraph of column one should have read: "It ranged from presidential billets-doux to seditious telephone calls; from seditious lived anger to trivial flattery, and not as printed."

ENGLISH LITERATURE

To the Editor of The Jerusalem Post Sir, — Your correspondent Ruth Gat (May 27) errs in claiming that the English Inspectorate of the Ministry of Education and Culture was "fully aware" of the "non-cooperation" of English teachers for "pedagogical" reasons in the new internal examination to "reading literary and/or technical texts," beyond a letter from a group of teachers in her area (a group of which she is presumably a leading member) and some verbal reservations expressed at various in-service meetings during the past two years (the new programme was first announced in 1981). The examination did not take place for trade union reasons and the "non-cooperation" was due to the question of financial remuneration, as she points out in her letter.

Replacing the former examination in literary set texts (as part of the external bagrut examination) by an internal examination was undertaken for the following reasons:

1. It enables greater autonomy for each school (or even teacher) in the choice of texts for study (within a very wide syllabus).
 2. It enables greater autonomy for each teacher in writing the question-paper for the internal examination.
 3. It reinforces the status of English in the curriculum as a proficiency subject, training pupils to attain as high a level of communicative ability as possible, in all the four language skills of reading comprehension, listening comprehension, speaking and writing.
- The inclusion of set literary texts in the external examination paper led to too many pupils (and many teachers) overconcentrating on these texts and overlearning (over teaching) model answers to possible context questions, and as a result neglecting the proficiency skills involved in the very name of the subject learnt in school: "English as a foreign language."

Pupils will therefore continue studying these texts, probably even more widely and with more enjoyment and appreciation, since they will not be continually "spotting"

BEAUTIFUL ISRAEL

To the Editor of The Jerusalem Post Sir, — I enjoyed reading Lea Levavi's article of May 24, "Healthy concern," especially when she writes that the activities of the Council for a Beautiful Israel are not limited to industry alone.

I am an American and recently rented an apartment in Tel Aviv for a year. The streets are roamed by dogs on the loose and their droppings are over all the sidewalks.

These dogs should be picked up

externally-set questions or learn model answers by heart.

There are of course teachers who oppose the new internal examination. Some of them would rather teach English literature than English language, a preference which they are not entitled professionally, since they are expected to parents, employers, universities and the public as a whole to teach English language as a means of international communication. Unfortunately, there are others who merely see their task as getting pupils through an examination, a task which is much easier if the examination includes questions on set texts (bagrut examiners are familiar with examiners who teach literature answers are obviously memorized summaries of the text, and whose performance on the rest of the paper is pitiful). Yet others do not wish to have the responsibility involved in the degree of autonomy granted by this new programme, a policy which the ministry wishes to extend.

But for the other teachers who do not fall into these categories and are still not happy with an internal examination in reading set texts, I am sure that their fears of loss of motivation are unfounded. Pupils will take it seriously, both as part of their language-learning syllabus and because of their interest in and appreciation of good literature — and for the not-so-motivated because the mark for the internal examination will be entered into their bagrut certificate (on the page reserved for internal examinations).

Ruth Gat compares the English literature examination with the Hebrew literature examination, but she overlooks the essential difference that Hebrew literature (including English literature, e.g. Shakespeare play) is a subject itself, whereas the set texts in English are subsumed within a general programme of reading comprehension.

RAPHAEL GERBER
Chief Inspector for English
Ministry of Education
Jerusalem.

by some animal society and own who claim them should be given stiff fine. Also those people who do not pick up after their dogs should be penalized.

It is a disgusting, sickening, horrible sight.

SAM BUXN
Tel Aviv.

AGAIN AVAILABLE IN PAPERBACKS

- * PROMISES — Catherine Gaskin (Fontana)
- * THE SCHIRMER INHERITANCE — Eric Ambler (Fontana)
- * TOUCH THE DEVIL — Jack Higgins (Pan)

sole distributor
Steimatzky

RENT-A-CAR

FROM \$6 PER DAY
All cars new
Pick up and delivery free
TAMIR, Rent-a-Car
B Kikar Ha'atzma'ut
Netanya
Tel. 053-31831 (day)
053-25763 (night)

International
Bestsellers
in Pocket
Paperbacks
By John Irving

- * THE 158-POUND MARRIAGE
- * THE HOTEL
- * NEW HAMPSHIRE
- * THE WATER-METHOD MAN
- * THE WORLD ACCORDING TO GARP

sole distributor
Steimatzky's

Where will your guests from abroad stay?
If you have guests coming from abroad, let them feel at home.

Exclusive Apartment Hotel

In the tourist Centre of Tel Aviv (Opposite the Forum Palace Hotel). Near the sea.
Luxurious furnished flats for long or short term rental.
Including salon, bedrooms, bathroom and kitchen.
With television and telephone in every flat. Wall to wall carpeting.
Beautiful furniture and daily maid service.

Privacy in your own flat, without sacrificing the comfort of a hotel.

Exclusive Apartment Hotel

Rehov Habbakuk 7, Tel Aviv (Corner of Hayarkon St.)
Tel. 03-440011, 443110 from 8.00 a.m. to 3.00 p.m. excluding Shabbat.

IF YOU ARE A U.S. CITIZEN WORKING OR LIVING ABROAD...

You should acquaint yourself as soon as possible with many areas of the new Tax Laws which govern Americans overseas.

Let an expert at United States Expatriate Income Tax Service show you how tax planning while abroad can be one of the soundest financial decisions you've ever made.

Why call USEITS?
First, USEITS is local — only a telephone call away. We can be with you in hours and that's days or weeks closer than your accountant back home.
USEITS is a specialist in your tax situation. Philip Stein, an American CPA, specialized in expatriate tax law as both instructor and practicing accountant in the States and his recent relocation in Jerusalem. His expertise is proven and up-to-date.
And since we are fully qualified and experienced accountants, we can help you plan your total financial picture... now and for the future.

United States Expatriate Income Tax Service
Philip Stein, Certified Public Accountant
P.O. Box 7928
Jerusalem, Israel
Telephone: (02) 537342, 532728
Write or telephone. I will be happy to make an appointment at your location and convenience.